THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

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

VERY SUBSTANTIAL DISPOSAL IN RELATION TO DISPOSAL OF A COMPANY HOLDING 75% INTERESTS IN A PROPERTY AND NOTICE OF SPECIAL GENERAL MEETING

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 5 to 19 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, 13 June 2018 at 9:00 a.m. is set out on pages N-1 to N-2 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.

24 May 2018

* *for identification purpose only*

CONTENTS

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

"Agreed Property Value"	has the meaning ascribed to it under the section headed "THE S&P AGREEMENT – Consideration and payment terms" in this circular
"Audited Completion Accounts"	the audited financial statements in respect of the respective Disposal Companies comprising the statement of assets and liabilities as at the Completion Date and the statement of profit or loss for the period from 1 April 2018 to the Completion Date
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday, Sunday, general holiday of Hong Kong or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted at any time between 9:00 a.m. and 5:00 p.m. or continues in force in Hong Kong) on which banks are open for business in Hong Kong (except on the Internet)
"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
"Completion"	completion of the Disposals
"Completion Date"	the date of Completion, which shall take place on 28 September 2018 or such other date as the Vendors and the Purchaser may agree in writing
"connected person(s)", "subsidiary(ies)" or "substantial shareholder"	have the meaning ascribed to them under the Listing Rules
"Consideration"	the total consideration for the Disposals under the S&P Agreement
"Delano Hills"	Delano Hills Limited, a wholly owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability
"Deposits"	collectively, the First Deposit and the Second Deposit

"Director(s)	Director(s) of the Company
"Disposal Companies"	collectively, Gold Asset and Wise Think
"Disposals"	collectively, the Group Disposal and the disposal by Vendor 2 of the entire issued share capital and shareholders' loans of Wise Think under the S&P Agreement
"ELN"	an equity linked note
"First Deposit"	has the meaning ascribed to it under the section headed "THE S&P AGREEMENT – Consideration and payment terms" in this circular
"Gold Asset"	Gold Asset Investment Limited, a company incorporated in Hong Kong with limited liability, which is held as to 100% by Delano Hills
"Group"	the Company and its subsidiaries
"Group Disposal"	the disposal of the entire issued share capital in Gold Asset by Delano Hills and the disposal of the shareholders' loans of Gold Asset by the Company under the S&P Agreement
"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"	third party(ies) independent of the Company and connected persons of the Company
"Initial Consideration"	the initial consideration for the Disposals, subject to adjustments under the S&P Agreement
"Latest Practicable Date"	23 May 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

"Net Assets Value"	the aggregate of all assets (excluding (i) the values of the Property and its fittings, finishes and appliances, equipment, facilities and other assets; (ii) loans between the Disposal Companies; and (iii) any intangible assets) less all liabilities (excluding (i) value of the Sale Loans; (ii) loans between the Disposal Companies; and (iii) any deferred tax arising from property revaluation and/or revenue as a result of sale of the whole or any part of the Property after Completion) of the respective Disposal Companies as at the Completion Date
"Proforma Completion Accounts"	the unaudited proforma financial statements in respect of the respective Disposal Companies comprising the statement of assets and liabilities as at the Completion Date and the statement of profit or loss for the period from 1 April 2018 to the Completion Date
"Property"	a property located at La Salle Road, Ho Man Tin, Kowloon, known as Kowloon Inland Lot No. 2320
"Purchaser"	Giant Astute Limited, a company incorporated in the British Virgin Islands with limited liability
"Remaining Group"	the Group immediately after Completion
"S&P Agreement"	the sale and purchase agreement dated 16 March 2018 entered into between the Vendors, the Purchaser and the Company in respect of the Disposals
"Sale Shares"	the entire issued share capital of each of the Disposal Companies
"Sale Loans"	the shareholders' loans due and owing by the Disposal Companies to the Company and Vendor 2 at Completion
"Second Deposit"	has the meaning ascribed to it under the section headed "THE S&P AGREEMENT – Consideration and payment terms" in this circular
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened for the purpose of considering, if thought fit, approving the S&P Agreement and the transactions contemplated thereunder

“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
“Vendor 2”	Ms. Park Gi Youn
“Vendors”	collectively, Delano Hills and Vendor 2
“Vigers”	Vigers Appraisal and Consulting Limited
“Wise Think”	Wise Think Global Limited, a company incorporated in the British Virgin Islands with limited liability, which is held as to 100% by Vendor 2
“Work Completion Deadline”	has the meaning ascribed to it under the section headed “THE S&P AGREEMENT – Conditions precedent” in this circular
“%”	per cent

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

24 May 2018

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL IN RELATION TO DISPOSAL OF A COMPANY HOLDING 75% INTERESTS IN A PROPERTY

INTRODUCTION

It was announced on 16 March 2018 that Delano Hills (being a wholly owned subsidiary of the Company and one of the Vendors) and the Company entered into the S&P Agreement with the Purchaser and Vendor 2 (being one of the Vendors), pursuant to which the Vendors have conditionally agreed to sell the Sale Shares and Vendor 2 and the Company have conditionally agreed to sell the Sale Loans, and the Purchaser has conditionally agreed to purchase the Sale Shares and the Sale Loans at the Initial Consideration (subject to adjustments).

* *for identification purpose only*

The purpose of this circular is to provide to you, among other things, (i) details of the S&P Agreement and the transactions contemplated thereunder; (ii) financial information of the Group; (iii) financial information of Gold Asset; (iv) unaudited pro forma financial information of the Remaining Group; (v) the management discussion and analysis on the Remaining Group; (vi) the valuation report of the Property; and (vii) a notice of the SGM.

THE S&P AGREEMENT

Date: 16 March 2018

Parties

(i) Delano Hills, being one of the Vendors

(ii) Ms. Park Gi Youn (i.e. Vendor 2), being one of the Vendors

(iii) Giant Astute Limited, being the Purchaser

(iv) the Company, being the seller of the shareholder's loans of Gold Asset and the guarantor of the obligations of the Vendors

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners (i) are independent of the Company and its connected persons, and (ii) do not have any business or non-business relationships, arrangements, understandings or plans associated with the Company and its associates.

Assets to be disposed of

Pursuant to the S&P Agreement, Delano Hills has conditionally agreed to sell the entire issued share capital in Gold Asset and the Company has conditionally agreed to sell the shareholder's loans of Gold Asset, and the Purchaser has conditionally agreed to purchase the entire issued share capital in and the shareholder's loans of Gold Asset; and Vendor 2 has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire issued share capital in and the shareholders' loans of Wise Think.

As at 30 September 2017, the shareholder's loans due and owing by Gold Asset to the Company amounted to approximately HK$247 million.

Upon Completion, the Group will no longer hold any shareholding interest in Gold Asset and the Property.

The Disposal Companies and the Property

Gold Asset, a wholly owned subsidiary of Delano Hills, is a company incorporated in Hong Kong and is principally engaged in property development. Wise Think is a company incorporated in the British Virgin Islands, which is wholly owned by Vendor 2, and is principally engaged in property development. Based on the development agreement (as supplemented) entered into, among others, between Gold Asset and Wise Think, the interests in the Property are attributable to Gold Asset and Wise Think as to 75% and 25%, respectively. The Property is located at La Salle Road, Ho Man Tin, Kowloon, known as Kowloon Inland Lot No. 2320.

The Property is situated on the south side of Prince Edward Road West at its junction with La Salle Road, one of the prestigious addresses in Ho Man Tin District, Kowloon, with close proximity to the La Salle College and Maryknoll Convent School. The surrounding area is characterised by a mixture of medium-rise apartment buildings and high-rise residential developments which are mainly populated by the upper-middle and upper income groups.

The Property is proposed to be developed into a 17-storey residential block over one basement floor with a saleable area of approximately 32,817 square feet in total. It is proposed to comprise 78 residential units offering a range of one and two bedroom apartments and a duplex unit, club house facilities and car parking space.

The Property is currently under development and the construction work thereon has been substantially finished as at the Latest Practicable Date and the application for occupation permit has been submitted in April 2018. Barring any unforeseen circumstances, the target date in obtaining the occupation permit and certificate of compliance is by the end of May 2018 and August 2018, respectively.

The Property is subject to a charge in favour of a third party bank being the chargee in relation to the existing encumbrance over the Property. Pursuant to the S&P Agreement, the Vendors shall procure the Disposal Companies to repay the existing bank loan (including any interest or other fees) and discharge and release such encumbrance on or before Completion unless otherwise agreed by the parties pursuant to the terms of the S&P Agreement.

Set out below is a summary of the audited financial information of Gold Asset for the years ended 31 March 2016 and 2017 and 2018:

	For the year ended 31 March		
	2016	**2017**	**2018**
	HK$	*HK$*	*HK$*
	(Audited)	(Audited)	(Audited)
Net loss and total comprehensive expense	(787,618)	(378,764)	(4,470,261)

The audited net assets of Gold Asset as at 31 March 2017 and 2018 was approximately HK$30,308,000 and approximately HK$28,394,000 respectively.

The Property is valued at the existing market value (being the gross development value, assuming that the proposed development has been newly completed as at the date of valuation pursuant to the prevailing development control parameters under the relevant regulatory frameworks as well as the latest hypothetical development proposal) of HK$880 million as at 28 February 2018 by Vigers, an independent valuer. The valuation report of the Property performed by Vigers is contained in Appendix V to this circular.

Consideration and payment terms

The Initial Consideration for the Disposals shall be the amount of the Agreed Property Value (as defined below), as adjusted by reference to the Net Assets Value as shown in the Proforma Completion Accounts. The agreed property value is (i) calculated by multiplying the total saleable area of the Property (as certified by an authorised person upon issuance of the occupation permit and certificate of compliance (if applicable) of the Property) by the agreed price of HK$28,034 per square feet, or (ii) HK$920 million, whichever is the lower (the "**Agreed Property Value**"). The Company has engaged an authorised person to assess the total saleable area of the Property. The total saleable area of the Property as assessed was 32,817 square feet as of 28 February 2018. The Company does not expect the final total saleable area of the Property as certified by an authorised person upon issuance of the occupation permit and certificate of compliance (if applicable) of the Property would have any material deviation.

The Consideration for the Disposals shall be the amount of the Initial Consideration after adjusting the Net Assets Value as shown in the Audited Completion Accounts. The aforementioned consideration adjustments are more particularly set out in the section headed "THE S&P AGREEMENT – Consideration adjustments" below.

The Consideration shall be paid by the Purchaser in cash in the following manners:

(i) a sum of HK$92 million, being the first deposit, was paid to the solicitors of the Vendors and the Company as stakeholders upon signing of the S&P Agreement (the "**First Deposit**");

(ii) a sum of HK$138 million, being the second deposit, was paid to the solicitors of the Vendors and the Company as stakeholders on the 60th calendar day from the date of the S&P Agreement (i.e. 15 May 2018) (the "**Second Deposit**") since conditions (i) to (iv) set out in the section headed "THE S&P AGREEMENT – Conditions precedent" below were satisfied; and

(iii) the balance payment, which is equivalent to the Initial Consideration less the Deposits, is payable to the solicitors of the Vendors and the Company as stakeholders or such other person(s) as designated by the Vendors and the Company at Completion.

The Consideration was determined after arm's length negotiations between the Vendors and the Purchaser with reference to the location of the Property and the valuation of the Property of HK$880 million as at 28 February 2018, as assessed by Vigers, an independent valuer. The Directors confirm that the Group did not approach and was not approached by any potential purchasers (other than the Purchaser) prior to the entering into of the S&P Agreement.

In arriving at the Consideration, the Board took into account the following factors:–

1. the Group is expected to record an estimated gain of approximately HK$331 million upon completion of the Group Disposal as detailed in the section headed "Financial impact on the Group and use of proceeds" of this circular;

2. the Property is currently under development which will require additional time, costs and expenses from the Company before the Property is ready for strata title sale in the primary property market. For the purpose of illustration, before a vendor can commence pre-sale, it is necessary to obtain approval from the government authority (a) the approval of the deed of mutual covenant incorporating management agreement and (b) the consent to comment pre-sale, which could require substantial amount of time for processing these applications. According to the Residential Properties (First-hand Sales) Ordinance (Cap. 621 of the Laws of Hong Kong), it is a legal requirement to prepare sales-related documents and materials before the vendor can commence the sale, including sales brochure, price list, sales arrangement documents, register of transactions, mandatory provisions in the preliminary and formal agreement for sale and purchase, which would require substantial amount of preparation time and costs. Each and every of the individual units will need to be sold to individual purchasers. The pace of the sale will be subject to the then market condition. By realising its investment in the Property through the Group Disposal, the Company can on the one hand enhance and expedite its cash inflows and improve its liquidity and overall financial conditions, and on the other hand save time (such as time required for obtaining the approval of the deed of mutual covenant and pre-sale consent, preparation of sale-related materials including sales brochure, price list and advertisements and other promotional materials) and costs (such as marketing cost, agency commission fees, professional fees and expenses) which would be incurred by the Company for strata title sale;

3. the Group can also avoid any risks and uncertainties pertaining to future property market by realising its investment in the Property; and

4. the Group has made reference to (i) the valuation of the Property of HK$880 million as at 28 February 2018, as assessed by Vigers, an independent valuer; and (ii) the market value of comparable properties in proximity after comparing public sales data available in the market.

On the above basis, the Directors (including the independent non-executive Directors) are of the view that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Consideration shall be split between the Vendors in proportion to their respective interests in the Property.

Consideration adjustments

The Vendors shall deliver the audited accounts of the respective Disposal Companies for the year ended 31 March 2018 and the Proforma Completion Accounts to the Purchaser at least five (5) Business Days prior to the Completion Date.

If the Net Assets Value at the Completion Date as shown in the Proforma Completion Accounts is more or less than zero, the Initial Consideration for the Disposals shall be adjusted upwards or downwards (as the case may be):

(i) by adding all net assets of the Disposal Companies as shown in the Proforma Completion Accounts; and

(ii) by deducting all net liabilities of the Disposal Companies as shown in the Proforma Completion Accounts.

The Vendors shall deliver to the Purchaser within 60 Business Days from the Completion Date the Audited Completion Accounts. If the Net Assets Value as shown in the Audited Completion Accounts is more or less than the Net Assets Value as shown in the Proforma Completion Accounts, the Purchaser or the Vendors and the Company (as the case may be) shall pay the difference to the other party within five (5) Business Days from the date of receipt of the Audited Completion Accounts by the Purchaser.

Conditions precedent

Completion is conditional upon the satisfaction or, as applicable, waiver by the Purchaser (provided that sub-paragraph (ix) below cannot be waived under any circumstances) of the following conditions:

(i) Delano Hills is the sole legal and beneficial owner of the entire issued share capital in Gold Asset and the Company is the sole legal and beneficial owner of the shareholder's loans of Gold Asset. Vendor 2 is the sole legal and beneficial owner of the entire issued share capital in and the shareholders' loans of Wise Think. All the Sale Shares and the Sale Loans are free from any encumbrances and other third party rights (other than those set out in the security documents that will be released with effect from the Completion Date);

(ii) Gold Asset and Wise Think are the sole legal and beneficial owners of 75% and 25% interests respectively in the Property and their titles to the Property are free from any encumbrances and other third party rights (other than those set out in the security documents that will be released with effect from the Completion Date);

(iii) each of the Disposal Companies having proven and given a good title to the Property in accordance with Sections 13 and 13A of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong);

(iv) the Purchaser having been reasonably satisfied with the results of the due diligence investigation in the Disposal Companies and the Property (other than all matters concerning construction work fees, additional work fees and retention amount relating to the construction works);

(v) save for those information in the documents disclosed under the due diligence investigation and all matters concerning construction work fees, additional work fees and retention amount relating to the construction works, all warranties given by the Vendors and the Company under the S&P Agreement are and shall remain true, accurate, correct and not misleading in all material respects on the date of the S&P Agreement and the Completion Date (i.e. if any of the aforesaid warranties would be untrue, incorrect and misleading, the amount involved would not exceed HK$25 million);

(vi) each of the Disposal Companies having repaid and settled all outstanding liabilities and receivables other than the Sale Loans on or before the Completion Date and subject to the terms of the S&P Agreement;

(vii) save for the information in the documents disclosed under the due diligence investigation, there being no material adverse change in the business, assets, properties, financial condition and operations of the Disposal Companies prior to the Completion Date, except due to any change in the Hong Kong properties market and/or price fluctuation;

(viii) at least 10 Business Days prior to the Completion Date (the "**Work Completion Deadline**"),

(a) the Property having obtained the relevant occupation permit issued by the Building Authority of Hong Kong certifying that the construction work of the Property having been completed pursuant to the approved building plans (including any subsequent amendment as approved by the Building Authority of Hong Kong); and (if applicable) the Property having obtained the certificate of compliance issued by the Director of the Lands Department pursuant to the Government land grant or other written evidence certifying all positive obligations set out in the Government land grant having being satisfied;

(b) an authorised person having certified the saleable area of the Property upon issuance of the occupation permit and certificate of compliance (if applicable);

(c) an authorised person having issued a certificate confirming all fittings, finishes or appliances set out in the S&P Agreement having been installed;

(d) an authorised person having issued the certificate of practical completion to the main contractor of the Property; and

(e) the Disposal Companies having prepared a sales brochure in respect of the development project of the Property according to the specification set out in the S&P Agreement; and

(ix) Shareholders' approval of the Company as required under the Listing Rules having been obtained.

If the condition set out in sub-paragraph (viii) above cannot be satisfied before the Work Completion Deadline, the Vendors may before such deadline notify the Purchaser in writing to postpone the Completion Date to a date no later than 28 November 2018.

As at the Latest Practicable Date, the conditions set out in sub-paragraphs (i), (ii), (iii) and (iv) above have been satisfied. Other conditions above are expected to be satisfied on or before the Completion Date.

Termination and refund of deposits

In the event that the Purchaser fails to pay any part of the Consideration (other than the consideration adjustments) in the manners pursuant to the S&P Agreement, the Vendors and the Company shall be entitled to terminate the S&P Agreement and forfeit all Deposits paid as liquidated damages.

If the S&P Agreement is terminated as a result of conditions (i), (ii) and (iii) of the conditions precedent above not being satisfied or waived on or before the 60th calendar day from the date of the S&P Agreement, the Vendors and the Company shall refund all Deposits without interest or fee and pay an additional liquidated damages equivalent to 10% of the Consideration to the Purchaser. In the event that the S&P Agreement is terminated as a result of conditions (i), (ii) and (iii) of the conditions precedent above not being satisfied or waived on or before the Completion Date, the Vendors and the Company shall refund all Deposits without interest or fee and pay an additional liquidated damages to the Purchaser equivalent to 12.5% of the Consideration to the Purchaser. For the avoidance of doubt, the aforementioned liquidated damages of 10% or 12.5% of the Consideration payable to the Purchaser is not cumulative in nature.

If condition (iv) of the conditions precedent above cannot be satisfied or waived, the S&P Agreement shall be terminated and the Vendors and the Company shall refund all Deposits without interest or fee.

As at the Latest Practicable Date, the conditions (i), (ii), (iii) and (iv) of the conditions precedent above have been satisfied.

If the S&P Agreement is terminated as a result of non-fulfillment of condition (ix) of the conditions precedent above, the Vendors and the Company shall refund all Deposits without interest or fee and pay an additional liquidated damages equivalent to 25% of the Consideration to the Purchaser.

In the event that the S&P Agreement is terminated as a result of any of the conditions precedent above (other than conditions (i), (ii), (iii), (iv) and (ix)) not being satisfied or waived on or before the Completion Date, the Vendors and the Company shall refund all Deposits without interest or fee and pay an additional liquidated damages to the Purchaser equivalent to 12.5% of the Consideration to the Purchaser.

If any force majeure event occurs causing the matters under condition (viii) of the conditions precedent above cannot be completed as scheduled, the Vendors shall issue a notice of force majeure event to the Purchaser as soon as possible. If the Vendors and the Purchaser fail to reach a consensus on the completion of the matters under condition (viii) and the related completion matters within 60 calendar days from the date of the notice of force majeure event, the Vendors or the Purchaser may terminate the S&P Agreement, and the Vendors and the Company shall refund all Deposits to the Purchaser without interest or fee.

Notwithstanding that the Vendors would be obligated to pay liquidated damages equivalent to 25% of the Consideration to the Purchaser if no Shareholders' approval can be obtained on or before the Completion Date, the Board considers that the terms of the Group Disposal (including the liquidated damages arrangement), on an overall basis, is fair and reasonable and in the interests of the Company and the Shareholders as a whole on the following basis:

(i) as disclosed in the sections headed "Consideration and payment terms" and "Reasons for and benefits of the entering into of the S&P Agreement" of this circular, the Group Disposal provides an opportunity for the Group to realise its investment in the Property, enhances the cashflows and improves the liquidity and overall financial conditions of the Group. When assessing potential benefits for the Group Disposal, the Board took into account that the Consideration is higher than the value of the Property as assessed by the independent valuer;

(ii) the liquidated damages arrangement was determined after arm's length negotiations between the Vendors and the Purchaser. In particular the Board took into account that the Purchaser has agreed to place the Deposits representing 25% of Consideration on the 60th calendar day from the date of the S&P Agreement. This allows the Group to have an immediate access of substantial cash inflow far before completion of the Group Disposal, which is expected to take place on or about 28 September 2018. The Board took the view that the liquidated damages arrangement is a commercial term arrived by the Vendor and the Purchaser in exchange for, among other matters, the Purchaser agreeing to the aforementioned Deposits arrangement and would be inevitable to secure the Group Disposal; and

(iii) in negotiation for the commercial term set out in paragraph (ii) above, the Board has also assessed and balanced the risk for liquidated damages payment and considered that such risk would be controllable taking into account that (a) condition (ix) of the conditions precedent is limited to obtaining Shareholders' approval for the Group Disposal only; (b) Sea Rejoice Limited and Magical Profits Limited, which together hold an aggregate of approximately 51.04% of the issued share capital in the Company as at the Latest Practicable Date, each has provided an irrevocable voting undertaking to the Company that they would vote in favour of the resolution to be proposed at the SGM to approve the S&P Agreement and the transactions contemplated thereunder.

Completion

Completion shall, subject to all the conditions precedent to the Disposals are satisfied or, if applicable, waived, take place on 28 September 2018 or such other date as the Vendors and the Purchaser may agree in writing, provided that the Vendors may postpone the Completion Date to a date no later than 28 November 2018 if the condition (viii) of the conditions precedent above cannot be satisfied before the Work Completion Deadline.

Guarantee

The Company has agreed to guarantee to the Purchaser the performance by the Vendors of all of their respective obligations under the S&P Agreement until their obligations thereunder have been satisfied in full. The Company shall indemnify the Purchaser in respect of the loss, liability and cost arising out of any breach of obligations, provided that the total liability for such claims will not exceed HK$920 million.

Vendor 2 is the Group's business partner for the development of the Property. To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, Vendor 2 and her associates (i) are independent of the Company and its connected persons, and (ii) do not have any business or non-business relationships, arrangements, understandings or plans associated with the Company and its associates, save as disclosed above in this section.

The guarantee arrangement (including the provision of guarantee to the Purchaser by the Company in favour of Vendor 2) was proposed by the Purchaser as part and parcel of the Disposals. The Directors, after taking into account of Vendor 2 (i) being the Group's business partner for the development of the Property; (ii) being a financial investor in the Property and not being involved in the management and operation for the development of the Property (In particular, Wise Think has executed a power of attorney on 5 September 2014 to appoint Gold Asset as its true and lawful attorney to handle all the matters relating to the development of the Property); and (iii) having a long-term relationship with the Company, considered that the provision of guarantee to the Purchaser by the Company in favour of Vendor 2 would be inevitable to secure completion of the Group Disposal. To the best of the knowledge of the Directors, given (i) it would be relatively difficult to claim and enforce against Vendor 2 in case of default as she is not ordinarily resident in Hong Kong; and (ii) Vendor 2 is already a contracting party to the S&P Agreement subject to contractual obligations as a seller, it does not serve any practical purpose to require Vendor 2 herself to guarantee her own contractual obligations, the Purchaser has concern on the performance of Vendor 2's obligations under the S&P Agreement, and therefore requires the Company to also guarantee the performance of Vendor 2's obligations under the S&P Agreement as part and parcel of the Disposals. In light of the above and in order to secure the Group Disposal, the Company decided to also guarantee Vendor 2's obligations under the S&P Agreement. On the above basis, the Directors are of the view that the provision of guarantee to the Purchaser in favour of Vendor 2 is on normal commercial terms, which is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IRREVOCABLE VOTING UNDERTAKINGS

On 14 May 2018, each of Sea Rejoice Limited and Magical Profits Limited provided to the Company an irrevocable voting undertaking in favour of the Company, pursuant to which it shall, subject to applicable provisions of the Listing Rules, vote in favour of the resolution to be proposed at the SGM to approve the S&P Agreement and the transactions contemplated thereunder at the SGM. As at the Latest Practicable Date, Sea Rejoice Limited and Magical Profits Limited beneficially owned 17,429,664 Shares and 29,179,480 Shares of the Company, representing approximately 19.09% and 31.95% of the issued shares of the Company respectively, and they together hold an aggregate of approximately 51.04% of the issued share capital in the Company.

FINANCIAL IMPACT ON THE GROUP AND USE OF PROCEEDS

Based on the unaudited accounts for the six months ended 30 September 2017 of Gold Asset, the Group is expected to record an estimated gain of approximately HK$331 million upon completion of the Group Disposal. The estimated gain of approximately HK$331 million is calculated by adding up (i) the Consideration attributable to the Group Disposal (i.e. HK$690 million); and (ii) consolidation gain of approximately HK$89 million, less (iii) the adjusted net assets of Gold Asset of approximately HK$448 million as at 30 September 2017, comprising (a) unaudited net assets of Gold Asset of approximately HK$29 million; (b) shareholder's loans owing by Gold Asset to the Company of approximately HK$247 million; and (c) bank borrowing of approximately HK$172 million. The actual amount of gain to be recognised would be subject to the operating results of Gold Asset for the period from 1 April 2017 up to the Completion Date, recognition of the expenses to be incurred in relation to the Group Disposal and the review by the Company's auditors.

FINANCIAL EFFECTS OF THE GROUP DISPOSAL

Earnings

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, assuming that the Completion were to take place on 1 April 2016, the effect of the Group Disposal were that the profit for the year ended 31 March 2017 would have been approximately HK$241.8 million after the Group Disposal against the loss for the year of approximately HK$243.8 million before the Group Disposal.

Assets and Liabilities

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, assuming that the Completion were to take place on 30 September 2017, the effects of the Group Disposal as at 30 September 2017 were that (i) properties held for development for sale would have been decreased by approximately HK$362 million; (ii) trade and other receivables would have been decreased by approximately HK$57.6 million; (iii) trade and other payables would have been decreased by approximately HK$13.2 million; (iv) tax payable would have been increased by approximately HK$53.9 million; and (v) secured bank borrowings would have been decreased by approximately HK$229.1 million.

The Group intends to apply the net proceeds from the Group Disposal, after taxes and deduction of expenses attributable thereto, towards the general working capital of the Group for new investments that fit the Group's growth strategy and general corporate purposes including, without limitation, repayment of bank loans of the Group.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE S&P AGREEMENT

The Group proposes to sell the Property for the following reasons:

1. given that the property prices in Hong Kong continued to scale new heights in the recent months, the Group Disposal represents a good opportunity for the Group to realise its investment in the Property;

2. the Group Disposal enhances the cashflows and improve the liquidity and overall financial conditions of the Group;

3. the Group intends to apply the net proceeds from the Group Disposal, after taxes and deduction of expenses attributable thereto, towards the general working capital of the Group's new investments that fit the Group's growth strategy and general corporate purposes including, without limitation, repayment of bank loans of the Group; and

4. as disclosed in the section headed "Consideration and payment terms" above, the Disposals enable the Vendors to save time and transaction costs by selling the entire 17-storey residential block in one single transaction.

The terms of the S&P Agreement have been determined after arm's length negotiations between the parties thereto and the Directors (including the independent non-executive Directors) are of the view that the S&P Agreement is on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios set out in the Listing Rules in respect of the Group Disposal exceeds 75%, the Group Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The Group Disposal is therefore subject to the reporting, announcement, circular and shareholders' approval requirements.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder and their close associates has any material interest in the Group Disposal. Therefore, no Shareholder is required to abstain from voting at the SGM.

INFORMATION ON THE PARTIES TO THE S&P AGREEMENT

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

Delano Hills is principally engaged in investment holding.

The Purchaser is principally engaged in property development.

WARNING

Completion of the Disposals is conditional upon the satisfaction or, if applicable, waiver of the conditions set out in the section headed "THE S&P AGREEMENT – Conditions precedent" in this circular. Accordingly, the Disposals may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

SGM

A notice convening the SGM to be held on Wednesday, 13 June 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 Group Disposal is set out on pages N-1 to N-2 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, 8 June 2018 to Wednesday, 13 June 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, 7 June 2018.

RECOMMENDATION

The Board considers that the terms of the Group Disposal is fair and reasonable and in the interests of the Company and Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Group Disposal and matters ancillary thereto as set out in the notice of SGM.

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 interim and annual reports showing the financial information of the Group:

For the six months ended	Publication date of interim report	Pages
30 September 2017	21 December 2017	22 – 56

http://www.hkexnews.hk/listedco/listconews/SEHK/2017/1221/LTN20171221381.pdf

For the year ended	Publication date of annual report	Pages
31 March 2017	29 June 2017	69 – 173

http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0629/LTN20170629279.pdf

31 March 2016	25 July 2016	60 – 161

http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0725/LTN20160725123.pdf

31 March 2015	22 July 2015	57 – 153

http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0722/LTN20150722096.pdf

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

As at 31 March 2018, the Group had outstanding bank borrowings of approximately HK$1,152 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, properties held for sale, deposit and prepayments for a life insurance policy and financial assets designated as at fair value through profit or loss of the Group with carrying amounts of approximately HK$76 million, HK$1,649 million, HK$798 million, HK$110 million, HK$11 million and HK$30 million respectively at 31 March 2018.

Apart from as disclosed above and intra-group liabilities, the Group did not have any debt securities authorised or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guaranteed, unguaranteed, secured and unsecured borrowing and debt, or other material contingent liabilities as at 31 March 2018.

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.

The Directors 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 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.

COSMOS CPA LIMITED
華恩會計師事務所有限公司

Suite F, 14th Floor
Neich Tower
128 Gloucester Road
Wanchai Hong Kong

24 May 2018

The Board of Directors
Easyknit International Holdings Limited

Block A, 7th Floor
Hong Kong Spinners Building, Phase 6
481-483 Castle Peak Road
Cheung Sha Wan, Kowloon
Hong Kong

Dear Sirs,

INTRODUCTION

We report on the historical financial information of Gold Asset Investment Limited (the "**Company**" or "**Company Holding 75% Interests in a Property**") set out on pages II-4 to II-32, which comprises the statements of financial position as at 31 March 2016, 2017 and 2018 and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the years then ended (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-4 to II-32 forms an integral part of this report, which has been prepared for inclusion in the circular of Easyknit International Holdings Limited ("**Easyknit**") dated 24 May 2018 (the "**Circular**") in connection with Easyknit's Very Substantial Disposal in Relation to Disposal of a Company Holding 75% Interests in a Property.

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

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

REPORTING ACCOUNTANTS' RESPONSIBILITY

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note II to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Company's financial position as at 31 March 2016, 2017 and 2018 and of its financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note II to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE MAIN BOARD OF THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

The Historical Financial Information is stated after making such adjustments to the Historical Financial Statements as defined on page II-11 as were considered necessary.

Dividends

We refer to note 14 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Yours faithfully,

Cosmos CPA Limited
Certified Public Accountants

NG Lai Man Carmen
Practising Certificate Number P03518

Hong Kong
24 May 2018

I. HISTORICAL FINANCIAL INFORMATION

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2018 HK$	2017 HK$	2016 HK$
REVENUE	*8*	–	–	–
Other income		1,937,561	782,579	147,484
General and administrative expenses		(482,915)	(424,583)	(240,966)
Distribution and selling expenses		(3,987,346)	–	–
Finance costs	*9*	(1,937,561)	(736,760)	(694,136)
LOSS BEFORE TAX	*10*	(4,470,261)	(378,764)	(787,618)
Taxation	*12*	–	–	–
NET LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		(4,470,261)	(378,764)	(787,618)
BASIC LOSS PER SHARE	*13*	(4,470,261)	(378,764)	(787,618)

STATEMENTS OF FINANCIAL POSITION

	Notes	**2018** *HK$*	**2017** *HK$*	**2016** *HK$*
NON-CURRENT ASSETS				
Property, plant and equipment	*15*	–	559,696	702,597
Total non-current assets		–	559,696	702,597
CURRENT ASSETS				
Properties held for development for sale	*16*	508,836,746	409,191,080	195,675,538
Other receivables	*17*	81,996,636	51,839,286	25,306,661
Amount due from a fellow subsidiary	*18*	434,564	–	–
Amount due from immediate holding company	*18*	52,838	–	–
Bank balance		83,836	18,598	151,438
Total current assets		591,404,620	461,048,964	221,133,637
CURRENT LIABILITIES				
Trade and other payables		(15,317,912)	(10,680,961)	(4,650,896)
Amount due to ultimate holding company	*19*	(248,300,423)	–	(118,202,947)
Secured bank borrowings	*20*	(299,392,151)	–	–
Total current liabilities		(563,010,486)	(10,680,961)	(122,853,843)
NET CURRENT ASSETS		28,394,134	450,368,003	98,279,794
Total assets less current liabilities		28,394,134	450,927,699	98,982,391

STATEMENTS OF FINANCIAL POSITION (Continued)

	Notes	2018 HK$	2017 HK$	2016 HK$
NON-CURRENT LIABILITIES				
Amount due to ultimate holding company	19	–	(214,384,343)	–
Secured bank borrowings	20	–	(206,235,603)	(99,818,795)
Total non-current liabilities		–	(420,619,946)	(99,818,795)
Net assets/(liabilities)		28,394,134	30,307,753	(836,404)
EQUITY/(DEFICIENCY IN ASSETS)				
Share capital	21	1	1	1
Other reserve		34,079,563	31,522,921	–
Accumulated losses		(5,685,430)	(1,215,169)	(836,405)
Total equity/(deficiency in assets)		28,394,134	30,307,753	(836,404)

STATEMENTS OF CHANGES IN EQUITY

	Share capital *HK$*	Other reserve *HK$*	Accumulated losses *HK$*	Total *HK$*
At 1 April 2015	1	–	(48,787)	(48,786)
Net loss and total comprehensive expense for the year	–	–	(787,618)	(787,618)
At 31 March 2016 and 1 April 2016	1	–	(836,405)	(836,404)
Net loss and total comprehensive expense for the year	–	–	(378,764)	(378,764)
Fair value adjustment on amount due to ultimate holding company at initial recognition	–	31,522,921	–	31,522,921
At 31 March 2017 and 1 April 2017	1	31,522,921	(1,215,169)	30,307,753
Net loss and total comprehensive expense for the year	–	–	(4,470,261)	(4,470,261)
Fair value adjustment on amount due to ultimate holding company at initial recognition	–	2,556,642	–	2,556,642
At 31 March 2018	1	34,079,563	(5,685,430)	28,394,134

The other reserve represents the fair value adjustment on amount due to ultimate holding company, being the difference between the present value and the gross amount of advance received from ultimate holding company, at initial recognition.

STATEMENTS OF CASH FLOWS

	Notes	2018 HK$	2017 HK$	2016 HK$
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(4,470,261)	(378,764)	(787,618)
Adjustments for:				
Interest income		(1,937,561)	(782,579)	(147,484)
Depreciation of property, plant and equipment	*10*	130,993	142,901	11,908
Interest expense	*9*	1,937,561	736,760	694,136
Operating cash flows before changes in working capital		(4,339,268)	(281,682)	(229,058)
Increase in properties held for development for sale		(79,277,915)	(202,813,260)	(25,096,822)
Increase in other receivables		(30,132,542)	(26,508,443)	(25,306,661)
Increase in trade and other payables		4,559,162	5,933,337	4,156,646
Increase in amount due from a fellow subsidiary		(5,861)	–	–
Increase in amount due from immediate holding company		(52,838)	–	–
Net cash flows used in operating activities		(109,249,262)	(223,670,048)	(46,475,895)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		1,912,753	758,397	147,484
Payments for purchase of items of property, plant and equipment		–	–	(714,505)
Net cash flows generated from/(used in) investing activities		1,912,753	758,397	(567,021)

STATEMENTS OF CASH FLOWS (Continued)

	2018	2017	2016
	HK$	*HK$*	*HK$*
CASH FLOWS FROM FINANCING ACTIVITIES			
Advance from ultimate holding company	84,350,600	119,812,399	18,210,400
Bank borrowings raised	92,739,740	106,000,000	99,818,795
Interest paid	(7,388,593)	(3,033,588)	(694,136)
Repayment to ultimate holding company	(62,300,000)	–	(70,230,000)
Net cash flows generated from financing activities	107,401,747	222,778,811	47,105,059
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	65,238	(132,840)	62,143
Cash and cash equivalents at beginning of year	18,598	151,438	89,295
CASH AND CASH EQUIVALENTS AT END OF YEAR	83,836	18,598	151,438
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balance	83,836	18,598	151,438

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. General

Gold Asset Investment Limited (the "**Company**" or "**Gold Asset**") is a private company incorporated in Hong Kong with limited liability. Currently, Gold Asset's immediate holding company is Delano Hills Limited ("**Delano Hills**"), a company incorporated in the British Virgin Islands. Delano Hills is a wholly-owned subsidiary of Easyknit International Holdings Limited ("**Easyknit**" and an exempted company incorporated in Bermuda with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited). The directors considered that the Company's ultimate holding company to be Easyknit.

The address of the registered office and the address of principal place of business of the Company was relocated to Unit 506B, 5/F., Tower 1, Cheung Sha Wan Plaza, Nos. 833 Cheung Sha Wan Road, Kowloon, Hong Kong on 29 January 2018.

The Company is principally engaged in property development. Wise Think Global Limited ("**Wise Think**"), a company incorporated in the British Virgin Islands, is wholly-owned by Ms. PARK Gi Youn ("**Vendor 2**") and is also principally engaged in property development.

Based on the development agreement (as supplemented) entered into, among others, between the Company and Wise Think, the interests in a property located at La Salle Road, Ho Man Tin, Kowloon, known as Kowloon Inland Lot No. 2320 (the "**Property**") are attributable to the Company and Wise Think as to 75% and 25%, respectively. The Company and Wise Think are altogether as the "**Disposal Companies**". The Property is currently under development.

Pursuant to a sale and purchase agreement dated 16 March 2018 ("**S&P Agreement**") entered into between:

– Delano Hills and Vendor 2 (together as "**Vendors**");

– Giant Astute Limited ("**Purchaser**", a company incorporated in the British Virgin Islands with limited liability); and

– Easyknit

the Vendors have conditionally agreed to sell the entire issued share capital of each of the Disposal Companies (the "**Sale Shares**"); and Easyknit and Vendor 2 have conditionally agreed to sell the shareholders' loans due and owing by the Disposal Companies to Easyknit and Vendor 2 at Completion (the "**Sale Loans**"), and the Purchaser has conditionally agreed to purchase the Sale Shares and the Sale Loans at the Initial Consideration (as defined below) after adjusting the net assets value as shown in the audited completion accounts.

The Initial Consideration shall be the amount of the Agreed Property Value (as defined below), as adjusted by reference to the net assets value as shown in the proforma completion accounts.

The Agreed Property value is:

(i) calculated by multiplying the total saleable area of the Property (as certified by an authorised person upon issuance of the occupation permit and certificate of compliance (if applicable) of the Property) by the agreed price of HK$28,034 per square feet, or

(ii) HK$920 million, whichever is the lower.

The completion, subject to all the conditions precedent in the S&P Agreement, of the disposal is expected to take place on 28 September 2018 or such other date as the Vendors and the Purchaser may agree in writing, provided that the Vendors may postpone the completion date to a date no later than 28 November 2018.

2. Basis of preparation of Historical Financial Information

The Historical Financial Information in this report was prepared based on the audited financial statements of the Company for each of the years ended 31 March 2016 and 2017 (the "**Previously Issued Financial Statements**") and the unaudited management accounts of the Company for the year ended 31 March 2018. The Previously Issued Financial Statements were audited by Messrs. Deloitte Touche Tohmatsu, Certified Public Accountants, in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") ("**Historical Financial Statements**").

The Historical Financial Information is presented in Hong Kong dollars ("**HK$**" or "**HKD**") which is the same as the functional currency of the Company and all values are rounded to the nearest dollar except when otherwise indicated.

3. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

The Company has adopted the following revised HKFRS for the first time for the Historical Financial Information, which is applicable to the Company.

Amendments to HKAS 7	Disclosure Initiative

The nature and the impact of the amendments are described below:

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments have resulted in additional disclosures in note 23(b) to the Historical Financial Information.

The Company has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from contracts with customers and the related amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRSs	Annual improvements to HKFRSs 2014-2016 cycle[1]
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts[1]
Amendments to HKFRS 9	Prepayment features with negative compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKAS 28	Long-term Investments in Associates and Joint Venture[2]
Amendments to HKAS 40	Transfers of investment property[1]
HK(IFRIC)-Interpretation 22	Foreign currency transactions and advance consideration[1]
HK(IFRIC)-Interpretation 23	Uncertainty over income tax treatments[2]

[1] *Effective for annual periods beginning on or after 1 January 2018.*
[2] *Effective for annual periods beginning on or after 1 January 2019.*
[3] *Effective for annual periods beginning on or after 1 January 2021.*
[4] *Effective for annual periods beginning on or after a date to be determined.*

The Company is in the process of making an assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

4. Significant accounting policies

The Historical Financial Information has been prepared under historical cost basis and in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance (Cap. 622).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payments", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of assets".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Revenue recognition

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities, as described below.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Borrowing costs

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

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

Property, plant and equipment

Property, plant and equipment are stated in the statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the Relevant Periods, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of retirement of an item of property, plant and equipment is determined as the difference between the net proceeds and the carrying amount of the assets and is recognised in profit or loss.

Properties held for development for sale

Properties held for development for sale are classified as current assets and stated at the lower of cost and net realisable value.

Costs relating to the development of properties, including purchase costs of the properties for development and development costs, are capitalised and included as properties held for development until such time when they are completed.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Company's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other receivables and bank balance) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the Relevant Periods. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and other payables, amount due to ultimate holding company and secured bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment

At the end of the Relevant Periods, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the Relevant Periods.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the Relevant Periods.

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Related parties

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Company are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Company are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

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

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

5. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 4, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

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

Determination of net realisable value of properties held for development for sale

Management regularly reviews the recoverability of the Company's properties held for development for sale, which are situated in Hong Kong and amounted to HK$195,675,538, HK$409,191,080 and HK$508,836,746 at 31 March 2016, 2017 and 2018, respectively, with reference to current market environment whenever events or changes in circumstances indicate that the carrying amount of the assets may exceed its net realisable value. Appropriate write-down for estimated irrecoverable amount is recognised in profit or loss when the net realisable value is below cost. The estimates of net realisable value are determined based on best available information and with reference to valuations made by independent qualified professional property valuers not connected with the Company. Actual realised amount may differ from estimates, resulting in a decrease or an increase in the net realisable value of the properties held for development for sale and additional write-down or reversal of write-down previously recognised may be required. No write-down of properties held for development for sale was recognised in profit or loss for the Relevant Periods.

6. Capital management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The Company's overall strategy remained unchanged during the Relevant Periods.

The capital structure of the Company consists of net debts, which includes amount due to ultimate holding company and secured bank borrowings as disclosed in notes 19 and 20, respectively, cash and cash equivalents and equity attributable to owners of the Company.

The directors review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with the capital. Based on recommendations of the directors, the Company will balance its overall capital structure through new share issues and raising of debts.

7. Financial instruments

Categories of financial instruments

	2018	**2017**	**2016**
	HK$	*HK$*	*HK$*
Financial assets			
Loans and receivables (including cash and cash equivalents)			
Other receivables	81,601,935	51,741,250	25,241,250
Amount due from a fellow subsidiary	434,564	–	–
Amount due from immediate holding company	52,838	–	–
Bank balance	83,836	18,598	151,438
	82,173,173	51,759,848	25,392,688
Financial liabilities			
At amoritised cost			
Trade and other payables	15,239,912	5,110,961	4,560,896
Amount due to ultimate holding company	248,300,423	214,384,343	118,202,947
Secured bank borrowings	299,392,151	206,235,603	99,818,795
	562,932,486	425,730,907	222,582,638

Financial risk management objectives and policies

The Company's major financial instruments include other receivables, amounts due from a fellow subsidiary and immediate holding company, bank balance, trade and other payables, amount due to ultimate holding company and secured bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Company is exposed to cash flow interest rate risk in relation to bank borrowings with variable rate (see note 20 for details). The Company has not used any derivative contracts to hedge its exposure to such interest rate risk, however, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

The Company's exposure to interest rate risk on financial liabilities is detailed in the liquidity risk management section of this note. The Company's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from bank borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for bank borrowings with variable rate. The analysis was prepared assuming these balances outstanding at the end of the Relevant Periods were outstanding for the whole year. 50 basis points increase or decrease represents management's assessment of the reasonably possible change in interest rate. If interest rate had been 50 basis points higher or lower and all other variables were held constant, loss for each of the years ended 31 March 2016, 2017 and 2018 would increase or decrease by approximately HK$499,000, HK$1,031,000 and HK$1,497,000, respectively.

The bank balance is excluded from the sensitivity analysis as the management of the Company considers that the interest rate fluctuation is not significant.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as exposure at the end of the Relevant Periods does not reflect the exposure during the Relevant Periods.

Credit risk

The Company's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at 31 March 2016, 2017 and 2018 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

The Company had concentration of credit risk as the Company's other receivables as at 31 March 2016, 2017 and 2018 of HK$25,241,250, HK$51,741,250 and HK$81,601,935, respectively, was derived from a single debtor. In order to minimise the credit risk, the directors continuously monitor the level of exposure to ensure that follow-up actions and/or corrective actions are taken promptly to lower exposure or even to recover overdue debts. In addition, the management has reviewed the recoverable amount of each individual debt at irrecoverable amounts. In this regard, the directors consider that the Company's credit risk on other receivables is significantly reduced.

The credit risk for bank balance exposed is considered minimal as such amount is placed with a bank with good credit rating.

Liquidity risk

The Company relies on ultimate holding company as a significant source of liquidity.

The following table details the Company's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk table

	Weighted average effective interest rate	On demand or less than 3 months	3 months to 1 year	1 to 5 years	Total undiscounted cash flows	Carrying amounts at 31 March
	%	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
2018						
Non-derivative financial liabilities						
Trade and other payables		8,414,912	6,825,000	–	15,239,912	15,239,912
Amount due to ultimate holding company	6.00	–	260,065,946	–	260,065,946	248,300,423
Secured bank borrowings	3.44	2,569,821	305,437,417	–	308,007,238	299,392,151
		10,984,733	572,328,363	–	583,313,096	562,932,486

	Weighted average effective interest rate	On demand or less than 3 months	3 months to 1 year	1 to 5 years	Total undiscounted cash flows	Carrying amounts at 31 March
	%	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
2017						
Non-derivative financial liabilities						
Trade and other payables		5,110,961	–	–	5,110,961	5,110,961
Amount due to ultimate holding company	6.00	–	–	238,015,346	238,015,346	214,384,343
Secured bank borrowings	3.09	1,594,976	4,802,457	211,784,984	218,182,417	206,235,603
		6,705,937	4,802,457	449,800,330	461,308,724	425,730,907
2016						
Non-derivative financial liabilities						
Trade and other payables		4,560,896	–	–	4,560,896	4,560,896
Amount due to ultimate holding company	–	118,202 947	–	–	118,202,947	118,202,947
Secured bank borrowings	2.88	–	–	108,203,392	108,203,392	99,818,795
		122,763,843	–	108,203,392	230,967,235	222,582,638

Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

8. Revenue

The Company did not generate any turnover during the Relevant Periods.

9. Finance costs

	2018 *HK$*	2017 *HK$*	2016 *HK$*
Interest on bank borrowings	7,883,190	3,547,124	694,136
Imputed interest on amount due to ultimate holding company	14,422,122	7,891,918	–
	22,305,312	11,439,042	694,136
Less: Amount capitalised in the cost of qualifying assets	(20,367,751)	(10,702,282)	–
	1,937,561	736,760	694,136

During each of the years ended 31 March 2016, 2017 and 2018, borrowing costs capitalised arise on the general bank borrowing pool and are calculated by applying a capitalisation rate of Nil, 3.09% and 3.44%, respectively, per annum to expenditure on qualifying assets.

10. Loss before tax

The Company's loss before tax is arrived at after charging/(crediting):

	2018 *HK$*	2017 *HK$*	2016 *HK$*
Auditor's remuneration			
– Current	50,000	62,000	60,000
– Under/(over) provision in prior years	(12,000)	2,000	45,000
Depreciation of property, plant and equipment	130,993	142,901	11,908
Interest income	(1,937,561)	(782,579)	(147,484)

11. Directors' remuneration and five highest paid employees

(i) Directors' remuneration

The Company has only 2 directors during each of the years ended 31 March 2016, 2017 and 2018.

No remuneration was paid to these directors during the Relevant Periods and no remuneration was waived by these directors during the Relevant Periods.

(ii) Employees' remuneration

The Company has no employee, thus no remuneration was paid to any employees during the Relevant Periods.

12. Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the Company has no assessable profit for the Relevant Periods.

Taxation for the Relevant Periods can be reconciled to the results per the statement of profit or loss and other comprehensive income as follows:

	2018	**2017**	**2016**
	HK$	*HK$*	*HK$*
Loss before tax	(4,470,261)	(378,764)	(787,618)
Tax charge of Hong Kong Profits Tax at 16.5%	(737,593)	(62,496)	(129,957)
Tax effect of expenses not deductible for tax purposes	–	–	1,965
Tax effect of tax losses not recognised	668,350	48,820	212,875
Others	69,243	13,676	(84,883)
Taxation for the year	–	–	–

At 31 March 2016, 2017 and 2018, the Company had unused tax losses of approximately HK$1,336,000, HK$1,632,000 and HK$5,682,000, respectively, available for offset against future profits. The tax losses can be carried forward indefinitely. No deferred tax has been recognised in respect of such tax losses due to the unpredictability of future profit streams.

13. Basic loss per share

As only one ordinary share was in issue during the Relevant Periods, the basic loss per share is equal to the net loss for the Relevant Periods.

There were no potential dilutive shares in existence during the Relevant Periods.

14. Dividends

No dividends have been paid by the Company in respect of the Relevant Periods.

15. Property, plant and equipment

	Motor vehicle
	HK$
COST	
At 1 April 2015	–
Additions	714,505
At 31 March 2016 and 2017 and 1 April 2017	714,505
Disposal	(714,505)
At 31 March 2018	–
ACCUMULATED DEPRECIATION	
At 1 April 2015	–
Provided for the year	11,908
At 31 March 2016 and 1 April 2016	11,908
Provided for the year	142,901
At 31 March 2017 and 1 April 2017	154,809
Provided for the year	130,993
Written off on disposal	(285,802)
At 31 March 2018	–
CARRYING VALUES	
At 31 March 2018	–
At 31 March 2017	559,696
At 31 March 2016	702,597

Motor vehicle is depreciated on a straight-line basis over its useful life of five years.

16. Properties held for development for sale

The Company's properties held for development for sale are situated in Hong Kong.

At 31 March 2018, the whole amount of properties held for development for sale is expected to be completed within twelve months after the end of the Relevant Periods.

At 31 March 2016, 2017 and 2018, the Company performed assessment of net realisable value on its properties held for development for sale with reference to valuations made by independent qualified professional property valuers not connected with the Company. The valuations were arrived at by using the residual method or market approach. As the estimated net realisable values of the properties held for development for sale are higher than their carrying amounts at the end of the Relevant Periods, the directors are of the opinion that no write-down on these properties is considered necessary.

17. Other receivables

	2018	**2017**	**2016**
	HK$	*HK$*	*HK$*
Amounts recoverable from joint operator of property redevelopment project *(note)*	81,601,935	51,741,250	25,241,250
Others	394,701	98,036	65,411
	81,996,636	51,839,286	25,306,661

Note: Under the terms of a joint operation arrangement for a property redevelopment project, the Company and the other joint operator agreed to pay for and bear the redevelopment costs incurred on the project in proportion to the agreed proportion. The other joint operator undertook to promptly make contributions when called upon to do so by the Company. The amounts recoverable from joint operator represented redevelopment costs incurred which were attributable to the proportion agreed to be paid for and borne by the other joint operator for which the Company had not called for payment.

18. Amount due from a fellow subsidiary and immediate holding company

Particulars of the amounts due from a fellow subsidiary and immediate holding company, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance, are as follows:

	Balance at 31 March 2018 *HK$*	Maximum amount outstanding during the year *HK$*	Balance at 31 March 2017 *HK$*
Name of a fellow subsidiary			
Good Merit Management Limited	434,564	434,564	–
Name of immediate holding company			
Delano Hills Limited	52,838	52,838	–

The amounts due from a fellow subsidiary and immediate holding company are unsecured, interest-free and repayable on demand.

19. Amount due to ultimate holding company

	2018 *HK$*	2017 *HK$*	2016 *HK$*
Shown in the financial statements as:			
Current liabilities	248,300,423	–	118,202,947
Non-current liabilities	–	214,384,343	–
	248,300,423	214,384,343	118,202,947

The amount is unsecured, interest-free and repayable on demand. It is repayable after the bank borrowings are settled in January 2019 as specified in the agreement entered into between the Company and the bank.

20. Secured bank borrowings

	2018	2017	2016
	HK$	*HK$*	*HK$*
Carrying amount repayable as follows (based on the scheduled repayment date set out in the loan agreement):			
– within one year	299,392,151	–	–
– between one to two years	–	206,235,603	–
– between two to five years	–	–	99,818,795
Amount shown under:			
– Current liabilities	299,392,151	–	–
– Non-current liabilities	–	206,235,603	99,818,795

At 31 March 2018, the Company's secured bank borrowings carrying interest at Hong Kong Interbank Offered Rate ("**HIBOR**") plus 2.65% or 2% (2017: HIBOR plus 2.65%; 2016: HIBOR plus 2.65%), with weighted average effective interest of 3.44% (2017: 3.09%, 2016: 2.88%) per annum. The loans are secured by properties held for development for sale of the Company with an aggregate carrying amount of HK$508,836,746 (2017: HK$409,191,080, 2016: HK$195,675,538) at 31 March 2018.

All bank borrowings are denominated in HKD, functional currency of the Company, at the end of the Relevant Periods.

21. Share capital

	Number of share	Amount
		HK$
Issued and fully paid ordinary share with no par value:		
At 1 April 2015, 31 March 2016, 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018	1	1

22. Pledge of assets

At 31 March 2016, 2017 and 2018, the properties held for development for sale of the Company with an aggregate carrying amount of HK$195,675,538, HK$409,191,080 and HK$508,836,746, respectively, were pledged to a bank to secure credit facilities granted to the Company. In addition, future sale proceeds and rentals in respect of these properties held for development for sale were also pledged to this bank.

23. Notes to the statements of cash flows

(a) Major non-cash transaction

On 1 March 2018, the Company sold the motor vehicle to a fellow subsidiary at a consideration of HK$428,703 which was settled through balance with a fellow subsidiary.

(b) Reconciliation of liabilities arising from financing activities

	Secured bank borrowings *HK$*	**Amount due to ultimate holding company** *HK$*
At 1 April 2015	–	170,222,547
Changes from financing cash flows		
Advance from ultimate holding company	–	18,210,400
Bank borrowings raised	99,818,795	–
Repayment to ultimate holding company	–	(70,230,000)
At 31 March 2016 and 1 April 2016	99,818,795	118,202,947
Changes from financing cash flows		
Advance from ultimate holding company	–	119,812,399
Bank borrowings raised	106,000,000	–
Other changes		
Amortisation of loan transaction costs capitalised to properties under development	416,808	–
Fair value adjustment on amount due to ultimate holding company	–	(23,631,003)

	Secured bank borrowings HK$	Amount due to ultimate holding company HK$
At 31 March 2017 and 1 April 2017	206,235,603	214,384,343
Changes from financing cash flows		
Advance from ultimate holding company	–	84,350,600
Bank borrowings raised	92,739,740	–
Repayment to ultimate holding company	–	(62,300,000)
Other changes		
Amortisation of loan transaction costs capitalised to properties under development	416,808	–
Fair value adjustment on amount due to ultimate holding company	–	11,865,480
At 31 March 2018	299,392,151	248,300,423

24. Related party transactions

During the Relevant Periods, the Company entered into the following transactions with certain related parties:

	2018 HK$	2017 HK$	2016 HK$
Imputed interest on amount due to ultimate holding company	14,422,122	7,891,918	–
Proceed from disposal of property, plant and equipment to a fellow subsidiary at net carrying amount	428,703	–	–
Rental expenses to fellow subsidiaries	1,090,452	–	–

25. Event after the Relevant Periods

Up to the date of this report, no audited financial statements have been prepared in respect of any period subsequent to 31 March 2017.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

Introduction

The following is an illustrative and unaudited pro forma financial information of the Remaining Group (collectively referred to as the "Unaudited Pro Forma Financial Information"), which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Group Disposal as if the Group 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 2016 in the case of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2017 and unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2017, after making the pro forma adjustments relating to the Group Disposal that are factually supportable and directly attributable, as explained in the notes below.

The Unaudited Pro Forma Financial Information of the Remaining Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the (i) the condensed consolidated statement of financial position as at 30 September 2017 had the Group Disposal been completed as of 30 September 2017, and (ii) the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2017 and consolidated statement of cash flows for the year ended 31 March 2017 had the Group Disposal been completed as at 1 April 2016; or at any future dates.

Unaudited Pro Forma Condensed Consolidated Statement of Financial Position

	The Group as at 30 September 2017	Pro forma adjustments					Pro forma total for the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(unaudited)						(unaudited)
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
Non-current assets							
Property, plant and equipment	90,978	(488)	–	–	–	–	90,490
Investment properties	1,661,000	–	–	–	–	–	1,661,000
Interests in associates	511,025	–	–	–	–	–	511,025
Available-for-sale investments	87,609	–	–	–	–	–	87,609
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
	2,499,089	(488)	–	–	–	–	2,498,601
Current assets							
Properties held for development for sale	722,340	(466,190)	–	103,817	–	–	359,967
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	–	–	–	–	–	179,242
Trade and other receivables	151,667	(57,643)	–	–	–	–	94,024
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	(220)	(172,224)	676,634	–	(1,030)	661,395
	1,735,382	(524,053)	(172,224)	780,451	–	(1,030)	1,818,526

	The Group as at 30 September 2017	Pro forma adjustments					Pro forma total for the Remaining Group
	HK$'000 (unaudited)	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
Current liabilities							
Trade and other payables	81,893	(13,209)	–	–	–	–	68,684
Tax payable	33,135	–	–	–	53,877	–	87,012
Secured bank borrowings	282,595	–	–	–	–	–	282,595
	397,623	(13,209)	–	–	53,877	–	438,291
Net current assets	1,337,759	(510,844)	(172,224)	780,451	(53,877)	(1,030)	1,380,235
Total assets less current liabilities	3,836,848	(511,332)	(172,224)	780,451	(53,877)	(1,030)	3,878,836
Non-current liabilities							
Secured bank borrowings	949,556	(229,111)	–	–	–	–	720,445
Amount due to ultimate holding company	–	(250,464)	(172,224)	422,688	–	–	–
	949,556	(479,575)	(172,224)	422,688	–	–	720,445
Net assets	2,887,292	(31,757)	–	357,763	(53,877)	(1,030)	3,158,391
Capital and reserves							
Share capital	7,942	–	–	–	–	–	7,942
Reserves	2,879,350	(31,757)	–	357,763	(53,877)	(1,030)	3,150,449
Total equity	2,887,292	(31,757)	–	357,763	(53,877)	(1,030)	3,158,391

Notes:

1. 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.

2. The adjustment represents the disposal of Gold Asset as if the Completion, for pro forma purpose, takes place on 30 September 2017. Gold Asset owns 75% interests of the Property under a joint operation arrangement. The financial information of Gold Asset is extracted from the unaudited statement of financial position of Gold Asset as at 30 September 2017 as set out in the unaudited management accounts of Gold Asset prepared by the directors of Gold Asset. For pro forma purpose, it is assumed that the carrying amount of the 75% interests of the Property at the Completion Date is approximately HK$466,190,000 which is the same amount of approximately HK$466,190,000 as at 30 September 2017 as set out in the unaudited management accounts prepared by the directors of Gold Asset. There is no certainty that the carrying amount of the 75% interests of the Property per the Proforma Completion Accounts is the same amount of approximately HK$466,190,000. Any change in this amount will affect the amount of gain on the Group Disposal per (4) below.

3. The adjustment represents, upon Completion, (i) cash collection of amounts recoverable from Wise Think by the Company on behalf of Gold Asset of approximately HK$57,408,000 as such asset is excluded from the determination of the Net Assets Value per (4) below; and (ii) cash repayment by the Company on behalf of Gold Asset of all existing bank loans pursuant to the S&P Agreement amounting to approximately HK$229,632,000. For pro forma purpose, it is assumed that the respective carrying amounts of the above items per the Proforma Completion Accounts are the same amounts as those as at 30 September 2017 as set out in Gold Asset's unaudited management accounts. The carrying amount of Gold Asset's bank loans as at 30 September 2017 of approximately HK$229,111,000 is arrived at after deducting the transaction costs incurred for obtaining bank loans amounting to approximately HK$521,000 which shall be recognised in profit or loss over the term of the bank loans from the principal amount of approximately HK$229,632,000.

4. The adjustment represents (i) the Group Disposal for a total cash consideration of HK$690,000,000 (calculated as 75% of the Agreed Property Value of HK$920,000,000 before consideration adjustments); (ii) the downward consideration adjustments of approximately HK$12,266,000; (iii) the incurrence of expenses directly attributable to the Group Disposal and legal and other costs for disposal of 100% issued share capital of Gold Asset of approximately HK$1,100,000, including Ad Valorem Stamp Duty of approximately HK$690,000; (iv) recognition of gain on the Group Disposal (before directly attributable expenses) of approximately HK$327,627,000; and (v) reinstatement of pre-disposal reserves of Gold Asset which are included in pro forma adjustment per (2) above. Pursuant to the S&P Agreement, the cash consideration for the Group Disposal shall be settled by the Purchaser at Completion. For pro forma purpose, it is assumed that the Group will settle the directly attributable expenses by cash at Completion.

   The amount of the Agreed Property Value is calculated by multiplying the total saleable area of the Property (as certified by an authorised person in the occupation permit and certificate of compliance (if applicable) of the Property) by the agreed price of HK$28,034 per square foot (rounded to the nearest HK$100,000), or (ii) HK$920,000,000, whichever is the lower. The Company has engaged an authorised person to assess the total saleable area of the Property. For pro forma purpose, it is assumed that the Agreed Property Value is HK$920,000,000. There is no certainty that the Agreed Property Value is HK$920,000,000. Any change in this amount will affect the amount of the total consideration and the gain on the Group Disposal.

For pro forma purpose, it is assumed that the statement of financial position included in the Proforma Completion Accounts of Gold Asset as of Completion Date is the same as those amounts contained in Gold Asset's unaudited management accounts as at 30 September 2017 prepared by the directors of Gold Asset. Gold Asset's Net Assets Value as at the Completion Date is derived as follows:

	HK$'000
Assets	
Property, plant and equipment	488
Other receivables	235
Bank balance	220
	943
Liabilities	
Trade and other payables	13,209
Net Assets Value	(12,266)

As the Net Assets Value is less than zero, there are downward consideration adjustments of approximately HK$12,266,000 and the total consideration, including the downward consideration adjustments, for the Group Disposal is approximately HK$677,734,000. Further details of the consideration adjustments are set out in the sub-section headed "Consideration adjustments" of the section headed "The S&P Agreement" in the "Letter from the Board" of this circular.

At the Completion Date, the total consideration (including downward consideration adjustments) is analysed as follows:

	HK$'000
Consideration received (including downward consideration adjustments) for disposal of:	
– 100% issued share capital of Gold Asset	255,046
– shareholders' loans due and owing by Gold Asset to the Company *(Note A)*	422,688
	677,734
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	488
Properties held for sale *(Notes B and C)*	362,373
Other receivables	235
Bank balance	220
Trade and other payables	(13,209)
Net assets disposal of (adjusted by items excluded from the determination of the Net Assets Value per (3) above)	350,107
Gain on Group Disposal:	
Cash consideration received	677,734
Net assets (as adjusted) disposed of	(350,107)
Gain on disposal (before directly attributable expenses)	327,627
Directly attributable expenses	(1,100)
Write-off of Gold Asset's transaction costs incurred for obtaining bank loans as set out in (3) above	(521)
Net gain on disposal (after directly attributable expenses)	326,006

The shareholders' loans due and owing by Gold Asset to the Company, amounting to approximately HK$422,688,000, is disposed of on a dollar-for-dollar basis, and the remaining amount of approximately HK$255,046,000 is allocated as consideration for the disposal of 100% issued share capital of Gold Asset.

Note A:

The amount of shareholders' loans due and owing by Gold Asset to the Company is derived as follows:

	HK$'000
Carrying amount as at 30 September 2017	250,464
Pro forma adjustment per (3)(i) above	(57,408)
Pro forma adjustment per (3)(ii) above	229,632
	422,688

For pro forma purpose, it is assumed that the carrying amount of shareholders' loans due and owing by Gold Asset to the Company at the Completion Date before the pro forma adjustments per (3) above is approximately HK$250,464,000 which is the same amount of approximately HK$250,464,000 as at 30 September 2017 as set out in Gold Asset's unaudited management accounts prepared by the directors of Gold Asset.

Note B:

At the Completion Date, Gold Asset's costs of properties held for sale is derived as follows:

Analysis of costs of properties held for sale:	
Carrying amount as at 30 September 2017	466,190
Elimination of unrealised profit on intra-group sale as explained below	(89,162)
Elimination of captialised imputed interest on the non-interest bearing amount due to ultimate holding company up to 30 September 2017 per Note C below	(14,655)
	362,373

Prior to the redevelopment of the Property into a 17-storey residential block over one basement floor with a saleable area of approximately 32,817 square feet in total, a 3-storey residential block of 12 residential units was erected (the "301 Building"). The Group has since June 2011 acquired residential units of the 301 Building through an indirect wholly-owned subsidiary (the "301 Hold-co") to earn rentals and/or for capital appreciation. Up to January 2012, the 301 Hold-co held 9 out of the total 12 residential units (i.e. 75%) of the 301 Building and accounted for these residential units as investment properties with an aggregate fair value decrease since respective acquisitions amounting to approximately HK$89,162,000 recognised in profit or loss. During the year ended 31 March 2015, a development agreement (as supplemented) was entered into, among others, between the 301 Hold-co and Wise Think for the demolition of the 301 Building and the redevelopment of the Property. Also during the year ended 31 March 2015 and prior to the demolition of the 301 Building, the 301 Hold-co transferred all 9 residential units of the 301 Building it held to Gold Asset at the original cost (including directly attributable expenditure) when the 301 Hold-co bought these units. The 301 Hold-co recognised fair value increase, amounting to approximately HK$89,162,000, in profit or loss during the year ended 31 March 2015. The Group recorded the transfer of these 9 residential units from "investment properties" to "properties held for development for sale" at the carrying amount without reversing the fair value decrease of approximately HK$89,162,000 previously recognised in profit or loss.

Upon disposal of the Group's 75% interest in the Property (as properties held for sale from the Group's perspective, after obtaining the occupation permit issued by the Building Authority of Hong Kong which is one of the conditions precedent before Completion) through disposal of the 100% issued share capital of Gold Asset, the aforesaid unreaslised profit on intra-group sale of the 75% interest in the 301 Building by the 301 Hold-co to Gold Asset is realised and reflected as part of the gain on disposal of properties held for sale (from the Group's perspective) through disposal of a subsidiary which is reflected through reduction of the carrying amount of the Group's properties held for development for sale.

Note C:

The carrying amount of Gold Asset's properties held for development for sale includes an amount of approximately HK$14,655,000 representing capitalised imputed interest on the non-interest bearing amount due to the Company by Gold Asset. This intra-group imputed interest is eliminated from the Group's properties held for development for sale.

5. The adjustment represents recognition of income tax payable of approximately HK$53,877,000. At the Completion Date when all the conditions precedent are satisfied, the Property is substantially ready for strata title sale. The Directors determine that the total consideration (before consideration adjustments) for the Group Disposal amounting to HK$690,000,000, should be accounted for as revenue from property sales and the cost of the properties held for sale (from the Group's perspective) amounting to approximately HK$362,373,000 together with expenses directly attributable to the property sales through the Group Disposal of approximately HK$1,100,000 should be accounted for as cost of properties sold. In deriving the income tax payable for the Group Disposal, a tax rate of 16.5% is applied on the gross profit of approximately HK$326,527,000.

6. The adjustment represents payment of the estimated transaction costs attributable to this circular of approximately HK$1,030,000.

7. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2017.

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

	The Group year ended 31 March 2017	Pro forma adjustments				Pro forma total for the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)					(unaudited)
	Note 1	*Note 2*	*Note 4*	*Note 5*	*Note 6*	
Revenue	529,475	–	690,000	–	–	1,219,475
Cost of properties sold and services rendered	(296,291)	–	(107,614)	–	–	(403,905)
	233,184	–	582,386	–	–	815,570
Other income	34,426	(783)	–	–	–	33,643
Distribution and selling expenses	(64,829)	–	–	–	–	(64,829)
Administrative expenses	(52,485)	425	–	–	(1,030)	(53,090)
Gain on changes in fair value of investment properties	21,877	–	–	–	–	21,877
Loss on changes in fair value of investments held for trading	(8,773)	–	–	–		(8,773)
Loss on changes in fair value of financial assets designated as at fair value through profit or loss	(2,328)	–	–	–		(2,328)
Loss on changes in fair value of derivatives component of convertible notes	(11,003)	–	–	–	–	(11,003)
Gain on disposal of available-for-sale investments	43,989	–	–	–	–	43,989
Impairment loss on available-for-sale investments	(25,376)	–	–	–	–	(25,376)
Results attributable to interests in associates	(371,364)	–	–	–	–	(371,364)
Finance costs	(17,203)	737	–	–	–	(16,466)
(Loss) profit before taxation	(219,885)	379	582,386	–	(1,030)	361,850
Taxation charge	(23,961)	–	–	(96,094)	–	(120,055)
(Loss) profit for the year attributable to owners of the Company	(243,846)	379	582,386	(96,094)	(1,030)	241,795

	The Group year ended 31 March 2017	Pro forma adjustments				Pro forma total for the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)					(unaudited)
	Note 1	*Note 2*	*Note 4*	*Note 5*	*Note 6*	
Other comprehensive income (expense)						
Items that may be reclassified subsequently to profit or loss:						
Share of other comprehensive income (expense) of associates:						
Share of translation reserve of associates	(6,393)	–	–	–	–	(6,393)
Share of investment valuation reserve of associates	7,361	–	–	–	–	7,361
Reclassification of translation reserve to profit or loss upon partial disposal of interests in associates without loss of significant influence	3,660	–	–	–	–	3,660
Reclassification of investment revaluation reserve to profit or loss upon partial disposal of interests in associates without loss of significant influence	1,199	–	–	–	–	1,199
	5,827	–	–	–	–	5,827
Changes in fair value of available-for-sale investments	23,834	–	–	–	–	23,834
Released on disposal of available-for-sale investments	(43,989)	–	–	–	–	(43,989)
Reclassification adjustment upon impairment of available-for-sale investments	25,376	–	–	–	–	25,376
Other comprehensive income for the year	11,048	–	–	–	–	11,048
Total comprehensive (expense) income for the year attributable to owners of the Company	(232,798)	379	582,386	(96,094)	(1,030)	252,843

Notes:

1. The figures are extracted from the audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 March 2017 as set out in the published annual report of the Company for the year ended 31 March 2017.

2. The adjustment represents the disposal of Gold Asset as if the Completion, for pro forma purpose, takes place on 1 April 2016. The financial information of Gold Asset is extracted from the audited statement of profit or loss and other comprehensive income of Gold Asset for the year ended 31 March 2017 as set out in the accountants' report on Gold Asset prepared by Cosmos CPA Limited which is contained in Appendix II to this circular.

3. For pro forma purpose, it is assumed that the statement of financial position as at the Completion Date included in the Proforma Completion Accounts of Gold Asset is the same as that as at 31 March 2016 contained in Appendix II to this circular. Gold Asset's Net Assets Value at the Completion Date is derived as follows:

	HK$'000
Assets	
Property, plant and equipment	703
Other receivables	65
Bank balance	151
	919
Liabilities	
Trade and other payables	4,651
Net Assets Value	(3,732)

As the Net Assets Value is less than zero, there are downward consideration adjustments of approximately HK$3,732,000 and the total consideration, including downward consideration adjustments, for the Group Disposal is approximately HK$686,268,000. Further details of the consideration adjustments are set out in the sub-section headed "Consideration adjustments" of the section headed "The S&P Agreement" in the "Letter from the Board" of this circular.

Details of how the total cash consideration of HK$690,000,000 (before consideration adjustments) is derived are set out in note 4 to the "Unaudited pro forma condensed consolidated statement of financial position" of this appendix.

4. At the Completion Date, the total consideration (including downward consideration adjustments) is analysed as follows:

	HK$'000
Consideration received (including downward consideration adjustments) for disposal of:	
– 100% issued share capital of Gold Asset	493,487
– shareholders' loans due and owing by Gold Asset to the Company *(Note A)*	192,781
	686,268
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	703
Properties held for sale *(Note B)*	106,514
Other receivables	65
Bank balance	151
Trade and other payables	(4,651)
Net assets disposal of (adjusted by items excluded from the determination of the Net Assets Value)	102,782
Gain on Group Disposal:	
Cash consideration received	686,268
Net assets (as adjusted) disposed of	(102,782)
Gain on disposal (before directly attributable expenses)	583,486
Directly attributable expenses	(1,100)
Net gain on disposal (after directly attributable expenses)	582,386

The shareholders' loans due and owing by Gold Asset to the Company, amounting to approximately HK$192,781,000, is disposed of on a dollar-for-dollar basis, and the remaining amount of approximately HK$493,487,000 is allocated as consideration for the disposal of 100% issued share capital of Gold Asset.

Note A:

The amount of shareholders' loans due and owing by Gold Asset to the Company is derived as follows:

	HK$'000
Carrying amount as at 1 April 2016	118,203
Pro forma adjustment per (i) below	(25,241)
Pro forma adjustment per (ii) below	99,819
	192,781

Upon Completion, the following take place: (i) cash collection of amounts recoverable from Wise Think by the Company on behalf of Gold Asset of approximately HK$25,241,000 as such asset is excluded from the determination of the Net Assets Value per (3) above; and (ii) cash repayment by the Company on behalf of Gold Asset of all existing bank loans pursuant to the S&P Agreement amounting to approximately HK$99,819,000. The aforesaid items are settled by deducted from or added to (as appropriate) the shareholders' loans due and owing by Gold Asset to the Company which is approximately HK$118,203,000. For pro forma purpose, it is assumed that the respective carrying amounts of the above items per the Proforma Completion Accounts are the same amounts as those as at 31 March 2016 as contained in Appendix II to this circular.

Note B:

Upon Completion, the 75% interests of the Property is reclassified from "properties held for development for sale" to "properties held for sale" upon the Property obtaining the relevant occupation permit issued by the Building Authority of Hong Kong which is one of the conditions precedent before Completion.

The carrying amount of Gold Asset's properties held for sale contained in Appendix II to this circular amounting to approximately HK$195,676,000 upon Completion is then reduced by approximately HK$89,162,000 from the Group's perspective. Details of this are set out in Note B of note 4 to the "Unaudited pro forma condensed consolidated statement of financial position" of this appendix. Any increase in this carrying amount subsequent to 31 March 2016 will reduce the gain on Group Disposal recognised in profit or loss and the actual impact to profit or loss would be significantly different from the pro forma gain as presented.

Note C:

At the Completion Date when all the conditions precedent are satisfied, the Property is substantially ready for strata title sale. The Directors determine that the total consideration (before consideration adjustments) for the Group Disposal amounting to HK$690,000,000, should be accounted for as revenue from property sales and the cost of the properties held for sale amounting to approximately HK$106,514,000 together with expenses directly attributable to the property sales through the Group Disposal of approximately HK$1,100,000 should be accounted for as cost of properties sold. The net gain on disposal (after directly attributable expenses) amounting to approximately HK$582,386,000 is therefore re-presented as follows:

	HK$'000
Revenue	690,000
Cost of properties sold	(107,614)
Gross profit	582,386

5. The adjustment represents recognition of income tax expense of approximately HK$96,094,000. As set out in Note C of (4) above, the Directors determined that the Group Disposal is in effect property sales. In deriving the income tax expense for the property sales, a tax rate of 16.5% is applied on the gross profit of approximately HK$582,386,000.

6. The adjustment represents payment of the estimated transaction costs attributable to this circular of approximately HK$1,030,000.

7. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2017.

Unaudited Pro Forma Consolidated Statement of Cash Flows

	The Group year ended 31 March 2017	Pro forma adjustments					Pro forma total for the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)						(unaudited)
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
Cash flows from operating activities							
(Loss) profit for the year	(243,846)	379	582,386	–	(96,094)	(1,030)	241,795
Adjustments for:							
Taxation recognised in profit or loss	23,961	–	–	–	96,094	–	120,055
Interest income	(23,277)	783	–	–	–	–	(22,494)
Interest expense	17,203	(737)	–	–	–	–	16,466
Depreciation of property, plant and equipment	1,636	(143)	–	–	–	–	1,493
Amortisation of premium and other expenses charged on a life insurance policy	280	–	–	–	–	–	280
Dividend income from listed investments	(10,171)	–	–	–	–	–	(10,171)
Gain on changes in fair value of investment properties	(21,877)	–	–	–	–	–	(21,877)
Gain on disposal of available-for-sale investments	(43,989)	–	–	–	–	–	(43,989)
Gain on disposal of property, plant and equipment	(115)	–	–	–	–	–	(115)
Loss on changes in fair value of investments held for trading	8,773	–	–	–	–	–	8,773
Loss on fair value change of financial assets designated as at fair value through profit or loss	2,328	–	–	–	–	–	2,328
Loss on change in fair value of derivative component of convertible notes	11,003	–	–	–	–	–	11,003
Results attributable to interests in associates	371,364	–	–	–	–	–	371,364
Impairment loss on available-for-sale investment	25,376	–	–	–	–	–	25,376

	The Group year ended 31 March 2017	Pro forma adjustments					Pro forma total for the Remaining Group
	HK$'000 (audited) *Note 1*	*HK$'000* *Note 2*	*HK$'000* *Note 3*	*HK$'000* *Note 4*	*HK$'000* *Note 5*	*HK$'000* *Note 6*	*HK$'000* (unaudited)
Operating cash flows before movements in working capital	118,649	282	582,386	–	–	(1,030)	700,287
(Increase) decrease in properties held for development for sale	(202,813)	202,813	106,514	–	–	–	106,514
Decrease in properties held for sale	267,145	–	–	–	–	–	267,145
Increase in investments held for trading	(143,547)	–	–	–	–	–	(143,547)
(Increase) decrease in trade and other receivables	(18,368)	26,508	65	25,241	–	–	33,446
Increase in loans receivable	(106,454)	–	–	–	–	–	(106,454)
Increase in statutory deposits	(205)	–	–	–	–	–	(205)
Increase (decrease) in trade and other payables	8,269	(5,933)	(4,651)	–	–	–	(2,315)
Cash (used in) from operations	(77,324)	223,670	684,314	25,241	–	(1,030)	854,871
Hong Kong Profits Tax paid	(42,392)	–	–	–	(96,094)	–	(138,486)
Dividend received from investments held for trading	6,508	–	–	–	–	–	6,508
Net cash (used in) from operating activities	(113,208)	223,670	684,314	25,241	(96,094)	(1,030)	722,893
Cash flows from investing activities							
Redemption of financial assets designated as at fair value through profit or loss	675,339	–	–	–	–	–	675,339
Proceeds received from disposal of available-for-sale investments	350,062	–	–	–	–	–	350,062
Interest received	18,246	(758)	–	–	–	–	17,488
Dividend received from available-for-sale investments	3,663	–	–	–	–	–	3,663
Proceeds from disposal of property, plant and equipment	120	–	–	–	–	–	120
Acquisition of financial assets designated as at fair value through profit or loss	(861,000)	–	–	–	–	–	(861,000)
Acquisition of available-for-sale investments	(21,360)	–	–	–	–	–	(21,360)
Advance to a former subsidiary	–	–	(119,812)	–	–	–	(119,812)
Purchase of property, plant and equipment	(7,636)	–	–	–	–	–	(7,636)
Purchase of intangible asset	(500)	–	–	–	–	–	(500)
Additions of investment properties	(30)	–	–	–	–	–	(30)
Net cash from investing activities	156,904	(758)	(119,812)	–	–	–	36,334

	The Group year ended 31 March 2017	Pro forma adjustments					Pro forma total for the Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)						(unaudited)
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
Cash flows from financing activities							
Bank borrowings raised	446,255	(106,000)	–	–	–	–	340,255
Repayment of bank borrowings	(449,211)	–	–	(99,819)	–	–	(549,030)
Interest paid	(19,657)	3,033	–	–	–	–	(16,624)
Dividend paid	(7,942)	–	–	–	–	–	(7,942)
Advance from group companies	–	(119,812)	119,812	–	–	–	–
Net cash used in financing activities	(30,555)	(222,779)	119,812	(99,819)	–	–	(233,341)
Net increase in cash and cash equivalents	13,141	133	684,314	(74,578)	(96,094)	(1,030)	525,886
Cash and cash equivalents at beginning of the year	12,332	(151)	151	–	–	–	12,332
Cash and cash equivalents at end of the year, represented by bank balances and cash	25,473	(18)	684,465	(74,578)	(96,094)	(1,030)	538,218

Notes:

1. The figures are extracted from the audited consolidated statement of cash flows of the Group for the year ended 31 March 2017 as set out in the published annual report of the Company for the year ended 31 March 2017.

2. The adjustment represents the elimination of cash flows of Gold Asset as if the Completion, for pro forma purpose, takes place on 1 April 2016. The financial information of Gold Asset is extracted from the audited statement of cash flows of Gold Asset for the year ended 31 March 2017 as set out in the accountants' report on Gold Asset prepared by Cosmos CPA Limited which is contained in Appendix II to this circular.

3. The adjustment represents settlement in cash at the Completion Date of (i) the total cash consideration, including downward consideration adjustments, of the Group Disposal amounting to approximately HK$686,268,000; and (ii) expense directly attributable to the Group Disposal of approximately HK$1,100,000 recognised in profit or loss. Details of how the aforesaid amounts are derived are set as in notes 3 and 4 to the "Unaudited pro forma consolidated statement of profit or loss and other comprehensive income" of this appendix. The advance to a former subsidiary amounting HK$119,812,000 represents reinstatement of the advance to Gold Asset by the Group during the year ended 31 March 2017.

4. The adjustment represents: (i) cash collection of amounts recoverable from Wise Think by the Company on behalf of Gold Asset of approximately HK$25,241,000 as such asset is excluded from the determination of the Net Assets Value per Note A of note 4 to the "Unaudited pro forma consolidated statement of profit or loss and other comprehensive income" of this appendix; and (ii) cash repayment by the Company on behalf of Gold Asset of all existing bank loans pursuant to the S&P Agreement amounting to approximately HK$99,819,000.

5. The adjustment represents recognition of income tax expense of approximately HK$96,094,000 as set out in note 5 to the "Unaudited pro forma consolidated statement of profit or loss and other comprehensive income" of this appendix.

6. The adjustment represents payment of the estimated transaction costs attributable to this circular of approximately HK$1,030,000.

7. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2017.

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 Remaining 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 consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2017, the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2017 and related notes as set out in Section A of Appendix III to the circular issued by the Company dated 24 May 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 III to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed disposal of a company holding 75% interests in a property (the "Group Disposal") on the Group's financial position as at 30 September 2017 and the Group's financial performance and cash flows for the year ended 31 March 2017 as if the Group Disposal had taken place at 30 September 2017 and 1 April 2016, respectively. As part of this process, information about the Group's financial position 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; and information about the financial performance and cash flows has been extracted by the Directors from the Group's audited consolidated financial statements for the year ended 31 March 2017, on which an auditor's 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 2016 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
24 May 2018

MANAGEMENT DISCUSSION AND ANALYSIS ON THE REMAINING GROUP

Set out below is the management discussion and analysis on the Remaining Group for each of the three financial years ended 31 March 2017 and six months ended 30 September 2017 (the "Reporting Periods"). The financial data in respect of the Remaining Group, for the purpose of this circular, is derived from the audited consolidated financial statements of the Company for the Reporting Periods.

For the year ended 31 March 2015

For the year ended 31 March 2015, the Remaining Group recorded a turnover of approximately HK$649,475,000. Profit attributable to owners of the Remaining Group for the year ended 31 March 2015 amounted to HK$292,079,000. The increase in profit was primarily attributable to, among other things, profit generated from the property development operations and the gain on fair value changes of investments held for trading.

The basic earnings per share for the year ended 31 March 2015 was HK$3.68.

The Board recommended the payment of final dividend of HK$0.10 per share for the year ended 31 March 2015, which was approved by the shareholders of the Company at its annual general meeting held on 26 August 2015 and was paid on 9 September 2015.

BUSINESS REVIEW

During the year, the Remaining Group was principally engaged in property investment, property development, garment sourcing and export businesses, loan financing and investment in securities.

(i) Property Investment

The Remaining Group has investment properties comprise mainly residential, commercial and industrial properties in Hong Kong, Singapore and the PRC. Turnover of the Remaining Group's property rental for the year under review was HK$74,199,000.

As at 31 March 2015, the Remaining Group's commercial and residential rental properties in Hong Kong and Singapore were leased 95.8% and 100% respectively. The industrial rental properties continued to maintain a high occupancy rate of 93.2%. The property management fee income was HK$721,000. As at 31 March 2015, the Remaining Group based on professional valuations accounted for a increase in fair value gain of investment properties to HK$115,532,000.

On 30 April 2014, Easyknit Enterprises Holdings Limited, now known as Eminence Enterprise Limited ("Eminence"), a subsidiary of the Company, entered into a provisional sale and purchase agreement with an independent third party to acquire a property situated at the ground floor, No. 15 Matheson Street, Causeway Bay, Hong Kong at a consideration of HK$236,800,000. This transaction was approved by the shareholders of Eminence at its special general meeting on 18 June 2014 and the completion of sale and purchase took place on 20 August 2014.

The Remaining Group has 8 blocks of factory premises and 4 blocks of dormitories with a total gross floor area of approximately 89,229 sq.m. in Huzhou, the PRC.

The Remaining Group regularly reviews the existing tenant composition and seeks to enhance its optimum mix. The Remaining Group also continues to replenish its investment property portfolio by selecting and locating prospective retail acquisition targets. The Remaining Group believes that a well-balanced portfolio provides a steady rental income and a good potential for capital appreciation in the long run.

(ii) Property Development

A residential project, namely PAXTON, at No. 311-313 Prince Edward Road West, Kowloon, Hong Kong which offers about 49 units of 74,285 square feet gross floor area has been formally launched with grand opening in July 2014. For the year ended 31 March 2015, the total revenue derived from the property sales of PAXTON was HK$394,448,000.

On 5 September 2014, Easyknit Properties Holdings Limited, a wholly-owned subsidiary of the Company and Eminence entered into a sale and purchase agreement in relation to the sale and purchase of the sale share of Kingbest Capital Holdings Limited (as supplemented by an agreement entered into on 15 September 2014 by Easyknit Properties Holdings Limited and Eminence, whereby Eminence will indirectly acquire the site located at No. 14 and 16 Inverness Road, Kowloon Tong, Kowloon, Hong Kong and the sale loan at a consideration of HK$340 million). This transaction was approved by the shareholders of Eminence at its special general meeting on 20 October 2014 and the completion of sale and purchase took place on 21 November 2014.

On 30 October 2014, Eminence entered into five provisional sale and purchase agreements with independent third parties to acquire the properties situated at No. 18 and 20 Inverness Road, Kowloon Tong, Kowloon, Hong Kong at an aggregate consideration and other related expenses of HK$169,500,000. This transaction was approved by the shareholders of Eminence in the special general meeting of Eminence held on 12 January 2015 and the completion of sale and purchase took place on 15 January 2015. Eminence planned to redevelop No. 14, 16, 18 and 20 Inverness Road, Kowloon Tong, Kowloon, Hong Kong (the "Inverness Road Project"). The general building plan to redevelop the Inverness Road Project has been submitted to Buildings Department in January 2015. The demolition works at No. 14 and 16 Inverness Road has been completed and the demolition works at No. 18 and 20 Inverness Road has also commenced in May 2015.

On 18 March 2015, Eminence entered into ten provisional sale and purchase agreements with independent third parties to acquire the ten property units situated at 1st floor, 2nd floor, 3rd floor, 4th floor, 5th floor and the roof of No.11 and 13 Matheson Street, Causeway Bay, Hong Kong at an aggregate consideration and the related expenses of HK$183,000,000. This transaction was approved by the shareholders of Eminence in the special general meeting of Eminence held on 11 May 2015 and the completion of sale and purchase took place on 17 June 2015.

(iii) Garment Sourcing and Export Businesses

For the year ended 31 March 2015, this segment recorded a turnover of HK$172,082,000. Cost of sales for the year amounted to HK$155,172,000 and the loss of this business segment was HK$3,660,000.

(iv) Investment in Securities

The Remaining Group has maintained a portfolio of listed equity securities in Hong Kong. For the year ended 31 March 2015, this business segment has recorded a profit of HK$126,573,000.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Remaining Group financed its operation through internally generated cash flow and bank borrowings. As at 31 March 2015, the Remaining Group's bank borrowings amounted to HK$1,537,826,000. The gearing ratio of the Remaining Group, calculated as a ratio of total borrowings to total equity, for the year was 0.50.

As at 31 March 2015, the Remaining Group has net current assets of HK$1,677,125,000. Current ratio was 2.6. The bank balances and cash as at 31 March 2015 was HK$378,430,000.

Capital Structure

During the year, there was no change to the share capital of the Company. As at 31 March 2015, the total number of issued Shares of the Company was 79,420,403 Shares.

Charge on Group Assets

As at 31 March 2015, bank loans amounting to HK$1,537,826,000 were secured by investment properties, properties held for development for sale and deposit and prepayments for a life insurance policy of the Remaining Group having a net book value of HK$3,229,175,000.

Exposure on Foreign Exchange Fluctuations

Most of the Remaining Group's revenues and payments are in Hong Kong dollars, US Dollars, Singapore dollars and Renminbi. During the year, the Remaining 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

Interest in Easyknit Enterprises Holdings Limited (now known as Eminence Enterprise Limited

(i) Conversion of 2014 Convertible Note of Eminence

On 16 January 2014, the Company through its wholly owned subsidiary, Goodco Development Limited, subscribed 2% coupon rate convertible note in an aggregate principal amount of HK$100,000,000 issued by Eminence ("Eminence 2014 Convertible Note"), which is convertible into ordinary shares of Eminence ("Eminence Share(s)") during the five-year period commencing from 27 March 2014.

On 3 April 2014, the Eminence 2014 Convertible Note in the principal amount of HK$20,000,000 was converted to 29,411,764 Eminence Shares at the then conversion price of HK$0.68 per Eminence Share.

On 29 August 2014, the Eminence 2014 Convertible Note in the principal amount of HK$60,000,000 was converted to 93,457,943 Eminence Shares at the then conversion price of HK$0.642 per Eminence Share.

As at 29 June 2015, the outstanding principal amount of the Eminence 2014 Convertible Note is HK$20,000,000, which is convertible into Eminence Shares at the prevailing conversion price of HK$10.65 per Eminence Share (subject to adjustment).

(ii) Deemed Disposal of Interests in Eminence

Upon the completion of placing of 65,200,000 new Eminence Shares by Eminence to independent investors on 18 June 2014, the Remaining Group's interests in Eminence was diluted from 42.02% to 35.02%. Therefore, such placing was treated as a deemed disposal of the interests in Eminence by the Remaining Group.

On 22 August 2014, the Remaining Group's interest in Eminence was further diluted from 35.02% to 29.20% upon the completion of placing of 78,000,000 new Eminence Shares by Eminence to independent investors. As a result, such placing was treated as a deemed disposal of the interests in Eminence by the Remaining Group.

(iii) Subscriptions of Rights Shares of Eminence

On 5 September 2014, the Remaining Group has undertaken to Eminence and the underwriter on the subscription of the rights shares of Eminence for a total of 184,361,096 rights shares which were allotted and taken up in full on 14 November 2014, the subscription cost amounted to approximately HK$129,053,000.

On 2 February 2015, the Remaining Group has undertaken to Eminence and the underwriter on the subscription of the rights shares of Eminence for a total of 207,406,220 rights shares which were allotted and taken up in full on 22 April 2015, the subscription cost amounted to approximately HK$134,814,000.

The Remaining Group did not apply any excess rights shares in the above rights issues. Details of the subscriptions of rights shares were set out in the Company's circular dated 26 September 2014 and 2 March 2015, respectively.

As at 31 March 2015, the Company, through its wholly-owned subsidiaries, Landmark Profits Limited and Goodco Development Limited, was interested in 10,370,311 Eminence Shares, representing approximately 40.96% of the issued share capital of Eminence. Eminence was a subsidiary of the Company as at 31 March 2015.

Disposal of Kingbest Capital Holdings Limited

On 5 September 2014, Eminence and Easyknit Properties Holdings Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement in relation to the sale and purchase of the sale share of Kingbest Capital Holdings Limited (as supplemented by an agreement entered into on 15 September 2014 by Eminence and Easyknit Properties Holdings Limited, whereby Eminence will indirectly acquire the site located at No. 14 and 16 Inverness Road, Kowloon Tong, Kowloon, Hong Kong and the sale loan at a consideration of HK$340 million). The shareholders' approval of the resolution relating to the disposal has been obtained in the special general meeting of the Company held on 20 October 2014. The disposal has been completed on 21 November 2014 and Kingbest Capital Holdings Limited becomes a subsidiary of Eminence.

Save as disclosed above, the Remaining Group had no material acquisitions or disposals of subsidiaries or associated companies during the year ended 31 March 2015.

Contingent Liabilities

The Remaining Group did not have any significant contingent liabilities as at 31 March 2015.

Capital Expenditure

During the year, the Remaining Group spent HK$624,000 on the acquisition of property, plant and equipment.

Capital Commitments

As at 31 March 2015, the Remaining Group has capital commitments of HK$8,669,000.

Changes in Fair Value of Investment Properties

As at 31 March 2015, the gain arising on changes of fair value of investment properties was HK$115,532,000.

Finance Costs

Finance costs was HK$45,042,000, increased by HK$30,684,000 or 213.7% for the year from HK$14,358,000 in 2014.

EMPLOYEES

As at 31 March 2015, the Remaining Group had a total of 57 employees. Staff costs (including directors' emoluments) amounted to HK$31,394,000 for the year under review. The Remaining Group remunerates its employees based on their performance, experience and prevailing industry practice. The Remaining Group has set out the Mandatory Provident Fund Scheme for the Hong Kong's employees and has made contributions to the state-sponsored pension scheme operated by the PRC government for the PRC employees. The Remaining Group has two share option schemes to motivate employees.

PROSPECTS

Last year, the economic growth in Hong Kong was moderate with steady gross domestic product and export rate, low unemployment and inflation rate. At the same time, the retail sales growth dropped significantly as the local consumption demand and tourist spending weakened. But under the support of the favorable policies launched by the central government such as the Shanghai-Hong Kong Stock Connect and the proposed Shenzhen-Hong Kong Stock Connect, it is expected that Hong Kong economy will remain stable.

Following the release of depressed demand from end users, the local property market has been performing well since second quarter of 2014. Meanwhile, persistent property cooling measures continuously affects the local property market. In order to curb to home prices, tightening measures on the mortgage requirements has been launched in February 2015, which is expected to have short term impacts on the small-to-medium end of secondary residential property market. But due to the solid end user demand for small-to-medium sized units and continuing formation of new households, the Remaining Group is still optimistic about the local property market.

The Remaining Group is dedicated to deliver excellence quality with high quality developments. PAXTON, the key project for 2014/15, realizes our core value which has been well recognized by customers. PAXTON achieved satisfactory sales since its initial launch in July 2014. The Remaining Group is confident in the sales of this project in 2015/16.

The influx of capital from China after the Easter Holiday in April 2015 following implementation of the Shanghai-Hong Kong Stock Connect has boosted investment activities in the Hong Kong stock market. Another mutual market access programme, the Shenzhen-Hong Kong Stock Connect, expected to be implemented in 2015, will present another wave of new stimulus to the market. The Remaining Group will keep on optimizing the securities investment portfolio and adjust its investment strategy in order to secure the greatest return through grasping the benefit of the mutual market access programmes.

The Remaining Group are committed to deliver on the strategy of focusing on core businesses to generate sustainable returns and maximize shareholders wealth.

For the year ended 31 March 2016

For the year ended 31 March 2016, the Remaining Group recorded a turnover from continuing operations was HK$678,516,000, representing an increase of HK$221,531,000 or 48.5% from HK$456,985,000 for the year 2015.

Profit attributable to owners of the Remaining Group for the year ended 31 March 2016 from continuing and discontinued operations amounted to HK$139,722,000 (2015: profit of HK$311,819,000). The decrease in profit was primarily attributable to, among other things, loss on changes in fair value of investment properties of HK$33,238,000 as compared to last year fair value gain of HK$123,687,000.

The basic earnings per share from continuing and discontinued operations for the year ended 31 March 2016 was HK$1.76 (2015: basic earnings per share of HK$3.68).

The Board recommended the payment of final dividend of HK$0.10 per share for the year ended 31 March 2016 (2015: HK$0.10 per share), which was approved by the Shareholders of the Company at its annual general meeting held on 24 August 2016 and the dividend was paid on 19 September 2016.

BUSINESS REVIEW

A. Continuing Operations

During the year, the Remaining Group was principally engaged in the property investment, property development, securities investment and money lending business.

(i) Property Investment

The Remaining Group has investment properties in Hong Kong only. Turnover of the Remaining Group's property rental for the year was HK$55,007,000 (2015: HK$54,943,000), a slight increase of approximately HK$64,000 or 0.1% over the last year. The Remaining Group's investment properties comprise residential, commercial and industrial properties. As at 31 March 2016, the Remaining Group's commercial and residential investment properties were 100% leased out. The industrial investment properties in Hong Kong continued to maintain a high occupancy rate of 89.7%. The property management fee income was HK$881,000 (2015: HK$721,000).

(ii) Property Development

A residential project, namely PAXTON, at No. 311-313 Prince Edward Road West, Kowloon, Hong Kong which offers about 49 units of 74,285 square feet gross floor area was formally launched in July 2014. For the year under review, the total revenue derived from the property sales of PAXTON was HK$599,484,000 (2015: HK$394,448,000).

(iii) Securities Investment

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

For the year ended 31 March 2016, the Remaining Group held trading securities in the amount of HK$64,695,000 as compared to HK$325,435,000 as at 31 March 2015, representing a 80.1% decrease. It was derived from: (1) the disposal of trading securities during the year which had a cost or fair value as at 31 March 2015 of HK$240,350,000; and (2) purchase of trading securities of HK$74,396,000 during the year; and (3) on deemed disposal of subsidiaries of HK$132,373,000; and (4) net increase in market value in the amount of HK$37,587,000 of the trading securities.

From continuing operations, the Remaining Group recognised (1) gain on fair value changes of trading securities for the year of HK$27,604,000 (2015: HK$74,248,000); (2) loss of HK$38,504,000 (2015: nil) on fair value changes of financial assets designated at fair value through profit or loss; and (3) gain of HK$57,915,000 (2015: nil) on disposal of available-for-sale investments. This segment recorded a profit of HK$70,328,000 (2015: HK$82,720,000).

B. Discontinued operations

With effect from 12 June 2015, the financial results of this business segment was classified as the discontinued operation because Eminence was changed from a subsidiary to an associate of the Company due to the deemed disposal of the Remaining Group's effective interests from 40.96% to 34.41% in Eminence. The deemed disposal of interests is caused by the issuing of a convertible note by Eminence to an independent third party. During the year, the turnover of this business segment contributed to the Remaining Group amounted to HK$14,858,000 (2015: HK$192,490,000) and recorded the loss of HK$510,376,000 (2015: profit of HK$32,512,000) from the discontinued operation.

Revenue

The Remaining Group revenue from continuing operations for the year ended 31 March 2016 increased by 48.5% to HK$678,516,000 compared with last year. The increase in revenue was primarily generated from the sale of Paxton units.

Gross Profit/Margin

Gross profit for this year was HK$286,234,000, an increase of HK$84,261,000 or 41.7% compared to the HK$201,973,000 in last year. Gross profit margin for this year also decreased from 44.2% to 42.2%.

Profit before Taxation

Profit before taxation for the year ended 31 March 2016 was HK$708,130,000, as compared with last year of HK$207,024,000. It was mainly due to the share of results of associates of HK$559,147,000.

Selling and distribution costs increased from HK$39,560,000 to HK$82,819,000, an increase of 109.4% compared with the last year. It was mainly attributable to the increase of sale of PAXTON.

Administrative expenses were HK$58,664,000, an increase of 76.5% over last year of HK$33,239,000.

During the year under review, there was loss on changes in fair value of investment properties to HK$33,238,000 for Hong Kong investment properties.

Finance costs was HK$23,121,000, decreased by HK$16,811,000 or 42.1% for the year from HK$39,932,000 in 2015 due to the reduction of bank borrowings during the year.

Profit Attributable to Shareholders and Earnings per Share

Profit for the year from continuing and discontinued operations of the Remaining Group for the year ended 31 March 2016 was HK$139,722,000, a decrease of HK$172,097,000 or 55.2% as compared to last year. Net profit margin is decreased from 48.0% to 20.2%.

Taxation charge increased 90.9% to HK$32,326,000 from last year of HK$16,930,000.

Basic earnings per share from continuing and discontinued operations for the year 31 March 2016 was HK$1.76 as compared to HK$3.68 in last year.

Liquidity and Financial Resources

The Remaining Group financed its operation through internally generated cash flow and bank borrowings. As at 31 March 2016, the Remaining Group's bank borrowings amounted to HK$802,202,000 (2015: HK$1,537,826,000). The gearing ratio of the Remaining Group, calculated as a ratio of total borrowings to total equity, for the year was 0.25 (2015: 0.50).

As at 31 March 2016, the Remaining Group has net current assets of HK$704,780,000 (2015: HK$1,677,125,000). Current ratio was 3.0 (2015: 2.6). The bank balances and cash as at 31 March 2016 was HK$12,181,000 (2015: HK$378,430,000).

Capital Structure

During the year, there was no change to the share capital of the Company. As at 31 March 2016, the total number of issued Shares of the Company was 79,420,403 Shares.

Charge on Group Assets

As at 31 March 2016, bank loans amounting to HK$802,202,000 (2015: HK$1,537,826,000) were secured by investment properties, properties held for development for sale, properties held for sale and deposit and prepayments for a life insurance policy of the Remaining Group having a net book value of HK$2,076,772,000 (2015: HK$3,229,175,000).

Exposure on Foreign Exchange Fluctuations

Most of the Remaining Group's revenues and payments are in Hong Kong dollars, US Dollars and Singapore dollars. During the year, the Remaining 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

Interest in Eminence Enterprise Limited

(i) Deemed Disposal of Interests in Eminence

Upon the completion of issuing a convertible note in a principal amount of HK$86,000,000 to an independent party by Eminence on 12 June 2015, the Remaining Group's effective interest in Eminence, assuming the full conversion of convertible note by convertible noteholder, was diluted from approximately 40.96% to 34.41%. Therefore, it was treated as a deemed disposal of the interests in Eminence by the Remaining Group, and Eminence became an associate of the Company.

(ii) Subscriptions of Rights Shares of Eminence

During the year, the Remaining Group has undertaken to Eminence and the underwriter on the subscription of the rights shares of Eminence for a total of 435,553,040 rights shares which were allotted and taken up in full on 3 November 2015, the subscription cost amounted to approximately HK$209,065,500.

The Remaining Group did not apply any excess rights shares in the above rights issue.

As at 29 June 2016, the Company, through its wholly-owned subsidiaries, Landmark Profits Limited and Goodco Development Limited, is interested in 457,330,692 shares of Eminence, representing approximately 40.96% of the issued share capital of Eminence.

Disposal of Properties Group

On 6 August 2015, Eminence and Easyknit Properties Holdings Limited, a wholly-owned subsidiary of the Company, entered into 4 sets of sale and purchase agreements in relation to the purchase of all the issued shares and sale loan of the properties group at a total consideration of HK$240 million. The disposal has been completed on 11 November 2015. The properties group has 11 properties comprises 6 residential units (3 units in Hong Kong and 3 units in Singapore) and 5 industrial units.

Save as disclosed above, the Remaining Group had no material acquisitions or disposals of subsidiaries or associated companies during the year.

Contingent Liabilities

The Remaining Group did not have any significant contingent liabilities as at 31 March 2016 (2015: nil).

Capital Expenditure

During the year under review, the Remaining Group spent approximately HK$2,377,000 (2015: HK$624,000) on the acquisition of property, plant and equipment, and spent approximately HK$119,000 (2015: HK$293,655,000) on addition of investment properties.

Capital Commitments

As at 31 March 2016, the Remaining Group had capital commitments in respect of capital expenditure contracted for but not provided of HK$8,669,000.

EMPLOYEES

As at 31 March 2016, the Remaining Group had a total of 23 employees (2015: 57 employees). Staff costs (including directors' emoluments) amounted to HK$37,304,000 for the year under review (2015: HK$31,394,000). The Remaining Group remunerates its employees based on their performance, experience and prevailing industry practice. The Remaining Group has set out the Mandatory Provident Fund Scheme for the Hong Kong's employees. The Remaining Group has a share option scheme to motivate employees.

PROSPECTS

The China economy had been grown at a slower rate than the government target of 7% in 2015, the continuous sliding of the Chinese and Hong Kong stock markets in the past months, the financial uncertainties about the pace of increase in interest rate in the United States and the instabilities in the European economy, which are expected to cloud the global economic outlook. As Hong Kong's economic performance hinges on global economic and financial conditions, these uncertain factors may affect property market sentiment in the months ahead. However, we expect the market to remain buoyant with more projects coming onto the market at competitive pricing levels and strong end user demand driving sales.

The Remaining Group will continue to closely monitor market changes and proactively refine its sales and pricing strategies of PAXTON according to the market conditions. It will adopt specific measures to speed up the sales of inventories and cash inflows. Meanwhile, it will accelerate the development pace and strive to swiftly destock saleable resources in order to enhance its competitiveness in the market.

In addition, the Remaining Group will continue to adhere to its principle of steady development and endeavor to improve the development of existing projects so as to increase the asset turnover rate. Meanwhile, the Remaining Group strives to improve the debt structure, adjust the projects' management system in respect of management models and construction cost in order to enhance the profitability of the Remaining Group.

According to the Hong Kong 2016/2017 budget, the forecasted GDP growth rate for 2016 is one to two percent, which is lower than the growth rate of 2015. Looking forward for the growth of the money lending business, the Remaining Group shall seize business opportunities on the increasing demand for mortgage loans and expand its loan portfolio. The Remaining Group is confident about the future performance of its property mortgage loan portfolio, interest income and profit; and it believes that it will generate stable returns to its shareholders in the foreseeable future.

To keep profitable in the securities investment business, the Company reviews the performance of its existing investment portfolio and evaluating the investment potentials of other investment opportunities available to the Company. The Company shall make suitable investment decisions which broadens and diversifies its investment portfolio with a view of realizing and/or optimizing the expected return and minimizing the risks.

For the year ended 31 March 2017

For the year ended 31 March 2017, the Remaining Group recorded a revenue from continuing operations of HK$529,475,000, representing a decrease of HK$149,041,000 or 22.0% from HK$678,516,000 for the year 2016.

Loss attributable to owners of the Remaining Group for the year ended 31 March 2017 from continuing and discontinued operations amounted to HK$235,573,000 (2016: profit of HK$139,722,000). The loss of HK$235,573,000 was primarily from results attributable to interests in associates of HK$371,364,000. If such amount was excluded, the Remaining Group shall have a profit attributable to owners of the Remaining Group of HK$135,791,000.

The basic and diluted loss per share from continuing and discontinued operations for the year ended 31 March 2017 was HK$2.97 (2016: basic and diluted earnings per share of HK$1.76).

The Board recommended the payment of a final dividend of 5 HK cents per share (2016: 10 HK cents per share) for the year ended 31 March 2017, which was approved by the Shareholders of the Company at its annual general meeting held on 7 August 2017 and was paid on 28 August 2017.

BUSINESS REVIEW

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

(i) Property Investment

The Remaining Group has investment properties in Hong Kong only. Revenue of the Remaining Group's property rental for the year was HK$51,664,000 (2016: HK$55,007,000), a decrease of approximately HK$3,343,000 or 6.1% over the last year. The Remaining Group's investment properties comprise residential, commercial and industrial properties.

As at 31 March 2017, the Remaining Group's commercial and residential investment properties were 100% leased out. The industrial investment properties in Hong Kong continued to maintain a high occupancy rate of 88.8%. The property management fee income was HK$834,000 (2016: HK$881,000).

(ii) Property Development

A residential project, namely Paxton, at No. 311-313 Prince Edward Road West, Kowloon, Hong Kong which offers about 49 units of 74,285 square feet gross floor area was launched in July 2014. For the year under review, the total revenue derived from the property sales of Paxton was HK$456,601,000 (2016: HK$599,484,000).

(iii) Securities Investment

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

For the year ended 31 March 2017, the Remaining Group held trading securities in the amount of HK$287,493,000 as compared to HK$64,695,000 as at 31 March 2016, representing an 344.4% increase. It was derived from (1) the disposal of trading securities during the year which had a cost or fair value as at 31 March 2017 of HK$40,314,000; (2) purchase of trading securities of HK$274,436,000 during the year; and (3) net decrease in market value in the amount of HK$11,324,000 of the trading securities.

From continuing operations, the Remaining Group recognised (1) loss on fair value changes of trading securities for the year of HK$8,773,000 (2016: gain of HK$27,604,000); (2) loss of HK$2,328,000 (2016: HK$38,504,000) on fair value changes of financial assets designated at fair value through profit or loss; and (3) gain of HK$43,989,000 (2016: HK$57,915,000) on disposal of available-for-sale investments. This segment recorded a profit of HK$50,921,000 (2016: HK$70,328,000).

(iv) Loan Financing

For the year ended 31 March 2017, this segment recorded a revenue of HK$20,376,000 (2016: HK$23,144,000) representing 12.0% decrease comparing with the year 2016.

Revenue

The Remaining Group revenue from continuing operations for the year ended 31 March 2017 decreased by 22.0% to HK$529,475,000 compared with last year. Such decrease in revenue was mainly because most of the sale of Paxton units have been recorded in the last financial year.

Gross Profit/Margin

Gross profit for this year was HK$233,184,000, a decrease of HK$53,050,000 or 18.5% compared to HK$286,234,000 in last year. Gross profit margin for this year increased from 42.2% to 44.0%.

Loss before Taxation

Loss before taxation for the year ended 31 March 2017 was HK$211,612,000, as compared with last year profit of HK$708,131,000. It was mainly due to the results attributable to deemed disposal of interests in associates of HK$371,364,000.

Distribution and selling expenses decreased from HK$82,819,000 to HK$64,829,000, a decrease of 21.7% compared with the last year. It was mainly attributable to the decrease of sale of Paxton.

Administrative expenses were HK$52,060,000, a decrease of 11.3% over last year of HK$58,664,000.

During the year under review, there was gain on changes in fair value of investment properties amounting to HK$21,877,000 for Hong Kong.

Finance costs was HK$16,467,000, decreased by HK$6,654,000 or 28.8% for the year from HK$23,121,000 in 2016 due to the reduction of bank borrowings during the year.

Loss/Profit Attributable to Owners of the Remaining Group and Loss/Earnings per Share

Loss for the year from continuing and discontinued operations of the Remaining Group for the year ended 31 March 2017 was HK$235,573,000 (2016: profit of HK$165,428,000). Net loss margin of this year is 44.5% as compared to the net profit margin of 24.4% of last year.

Taxation charge decreased by 25.9% to HK$23,961,000 from last year of HK$32,326,000.

Basic and diluted loss per share from continuing and discontinued operations for the year 31 March 2017 was HK$2.97 as compared to basic and diluted earnings per share HK$1.76 in last year.

Liquidity and Financial Resources

The Remaining Group financed its operation through internally generated cash flow and bank borrowings. As at 31 March 2017, the Remaining Group's bank borrowings amounted to HK$693,247,000 (2016: HK$802,202,000). The gearing ratio of the Remaining Group, calculated as a ratio of total borrowings to total equity, for the year was 0.23 (2016: 0.25).

As at 31 March 2017, the Remaining Group has net current assets of HK$950,717,000 (2016: HK$704,780,000). Current ratio was 3.6 (2016: 3.0). The bank balances and cash as at 31 March 2017 was HK$25,455,000 (2016: HK$12,181,000).

Capital Structure

During the year, there was no change to the share capital of the Company. As at 31 March 2017, the total number of issued shares of the Company was 79,420,403 Shares.

Charge on Group Assets

As at 31 March 2017, bank loans amounting to HK$693,247,000 (2016: HK$802,202,000) were secured by investment properties, properties held for development for sale, properties held for sale, deposit and prepayments for a life insurance policy and financial assets designated as at fair value through profit or loss of the Remaining Group having a net book value of HK$1,848,459,000 (2016: HK$2,076,772,000).

Exposure on Foreign Exchange Fluctuations

Most of the Remaining Group's revenues and payments are in Hong Kong dollars. During the year, the Remaining 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

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

Contingent Liabilities

The Remaining Group did not have any significant contingent liabilities as at 31 March 2017 (2016: nil).

Capital Expenditure

During the year under review, the Remaining Group spent approximately HK$7,636,000 (2016: approximately HK$2,377,000) on the acquisition of property, plant and equipment, and spent approximately HK$30,000 (2016: approximately HK$119,000) on addition of investment properties.

Capital Commitments

As at 31 March 2017, the Remaining Group had capital commitments in respect of capital expenditure contracted for but not provided of HK$621,000.

EMPLOYEES

As at 31 March 2017, the Remaining Group had a total of 35 employees (2016: 23 employees). Staff costs (including directors' emoluments) amounted to HK$32,628,000 for the year under review (2016: HK$37,304,000). The Remaining Group remunerates its employees based on their performance, experience and prevailing industry practice. The Remaining Group has set out the Mandatory Provident Fund Scheme for the Hong Kong's employees. The Remaining Group has a share option scheme to motivate employees.

PROSPECTS

The Remaining 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 Remaining Group will continue to promote the sale of the remaining units of Paxton.

In addition, the Remaining 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 Remaining Group.

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

For the period ended 30 September 2017

For the period ended 30 September 2017 (the "Period"), the Remaining 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 Remaining Group's profit for the Period was HK$24,086,000 (2016 Period: loss of HK$162,325,000).

For the Period, the Remaining 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$0.30 (2016 Period: basic and diluted loss per share of HK$2.05).

BUSINESS REVIEW

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

(i) Property Investment

The Remaining Group has investment properties in Hong Kong.

Revenue of the Remaining 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 Remaining Group's investment properties comprise residential, commercial and industrial properties.

As at 30 September 2017, the Remaining 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 Remaining 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.

(iii) Securities Investment

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

For the Period, the Remaining 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 Remaining 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 Remaining Group financed its operation through internally generated cash flow and bank borrowings. As at 30 September 2017, the Remaining Group's bank borrowings amounted to HK$1,003,041,000 (31 March 2017: HK$693,247,000). The gearing ratio of the Remaining Group, calculated as a ratio of total borrowings to total equity, for the Period was 0.34 (31 March 2017: 0.23).

As at 30 September 2017, the Remaining Group has net current assets of HK$1,208,692,000 (31 March 2017: HK$950,717,000). Current ratio as at 30 September 2017 was 4.1 (31 March 2017: 3.6). The bank balances and cash as at 30 September 2017 was HK$158,015,000 (31 March 2017: HK$25,455,000).

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 Shares of the Company was 79,420,403 Shares.

Charge on Group Assets

As at 30 September 2017, bank loans amounting to HK$1,003,041,000 (31 March 2017: HK$693,247,000) 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 Remaining Group having a net book value of HK$2,182,974,000 (31 March 2017: HK$1,848,459,000).

Exposure on Foreign Exchange Fluctuations

Most of the Remaining Group's revenues and payments are in Hong Kong dollars. During the Period, the Remaining 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 Remaining 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 Remaining 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 Remaining Group did not have significant contingent liabilities as at 30 September 2017 (31 March 2017: nil).

Capital Expenditures

During the Period, the Remaining 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 Remaining 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$8,296,000, decreased by HK$790,000 or 8.7% for the Period from HK$9,086,000 in the 2016 Period.

EMPLOYEES

As at 30 September 2017, the Remaining Group had a total of 36 employees (2016: 26 employees). Staff costs (including directors' emoluments) amounted to HK$11,576,000 for the period. The Remaining Group remunerates its employees based on their performance, experience and prevailing industry practice. The Remaining Group has set out the Mandatory Provident Fund Scheme for the employees in Hong Kong. The Remaining 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 Remaining 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 Remaining Group expects population of Hong Kong will increase further and this should generate further inelastic demand for residential properties. The Remaining 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 Remaining Group shall continue to look for potential investment properties for recurring income and capital appreciation.

Furthermore, the Remaining 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 Remaining Group in the future.

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

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Vigers Appraisal and Consulting Limited, an independent professional valuer, in connection with the valuation of the Property to be disposed by the Group as at 28th February 2018.

Vigers Appraisal & Consulting Limited
International Assets Appraisal Consultants

10th Floor
The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong

VIGERS
威格斯

24 May 2018

The Board of Directors

Easyknit International Holdings Limited
Block A, 7th Floor, Hong Kong Spinners Industrial Building Phase 6,
Nos. 481-483 Castle Peak Road,
Cheung Sha Wan, Kowloon, Hong Kong

Dear Sirs,

In accordance with your instruction for us to value the Property to be disposed by an indirect wholly owned subsidiary of "Easyknit International Holdings Limited" (referred to as "the Company" and collectively referred to as "the Group"), we confirm that we have inspected the Property, made relevant enquiries and investigations as well as obtained such further information as we consider necessary for the purpose of providing our opinion of value of the Property as at 28th February 2018 (the "Valuation Date").

BASIS OF VALUE

Our valuation is our opinion of gross development value of the Property which is defined as intended to mean "the market value of the property assuming the proposed development has been newly completed as at the Date of Valuation pursuant to the prevailing development control parameters under the relevant regulatory frameworks as well as the latest hypothetical development proposal made available to us" and market value of the Property which is defined as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". Our valuation has been prepared in accordance with "The HKIS Valuation Standards (2017 Edition)" published by "The Hong Kong Institute of Surveyors" ("HKIS"), "RICS Valuation – Global Standards 2017" published by the "Royal Institution of Chartered Surveyors" ("RICS"), relevant provisions in the Companies Ordinance and the "Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited" (Main Board) published by "The Stock Exchange of Hong Kong Limited" ("HKEx").

VALUATION APPROACH

In course of the assessment of gross development value of the Property, we have adopted the market approach which provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available. We have adopted the direct comparison method of valuation whereby comparisons based on actual sales transactions of comparable properties have been made. Comparable properties with similar character, location and so on are analysed and carefully weighed against all respective advantages and disadvantages of the Property in order to arrive at the fair comparison of value.

TITLE INVESTIGATIONS

We have conducted land search at the Land Registry but we have not searched the original documents to ascertain ownership nor to verify any lease amendments which may not appear on the copies handed to us. All documents have been used for reference purposes and all dimensions, measurements and areas are therefore approximations.

VALUATION CONSIDERATION

On-site inspection to the Property was carried out by Mr. Eric W. L. Tang *MRICS RICS Registered Valuer* and Mr. Jeff M.C. Liu *BSc(Hons)* on 20th March 2018. But we must stress that we have not carried out any structural survey nor have we inspected the woodwork or other parts of the structures of the Property which was covered, unexposed or inaccessible to us. We are therefore unable to report whether such part of the Property is free from any structural or non-structural defect.

Having examined all relevant documents, we have relied to a considerable extent on the information given by the Group, particularly planning approvals or statutory notices, easements, land-use rights, site areas, floor areas, occupancy status and in the identification of the Property.

Unless otherwise stated, all dimensions, measurements and areas included in the valuation report are based on the information contained in the documents provided to us by the Group and are therefore approximations. We have had no reason to doubt the truth and accuracy of the information made available to us and we have been advised by the Group that no material facts have been omitted from the information so given.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the Property could be sold in the prevailing market in existing state but without the effect of any deferred term contract, leaseback, management agreement or any other similar arrangement which may serve to affect the value of the Property, unless otherwise noted or specified. In addition, no account has been taken into of any option or right of pre-emption concerning or affecting the sale of the Property.

In our valuation, we have assumed that the owner(s) of the Property has free and uninterrupted rights to use and assign the Property during the whole of the unexpired land lease term granted subject to the payment of usual Government Rent.

We had carried out on-site inspection to the Property but no soil investigation has been carried out to determine the suitability of ground condition or building services for any property development or to be erected on the Property. Our valuation has been carried out on the assumption that these aspects are satisfactory. In our valuation, we have also assumed that all necessary consents, approvals and licences from relevant government authorities have been or will have been granted for any property development erected or to be erected the Property.

Our Gross Development value assessment of the Property is the value estimated without regard to costs of sale or purchase or transaction and without offset for any associated tax(es) or potential tax(es). Any transaction cost(s) or encumbrances such as mortgage, debenture or other charges against the Property has been disregarded. In our valuation, we have assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which may serve to affect the value of the Property.

Unless otherwise stated, all monetary amounts stated herein are denoted in the currency of Hong Kong Dollars ("HK$"), the lawful currency of Hong Kong.

We enclose herewith the core content of our valuation report.

Yours faithfully,
For and on behalf of
VIGERS APPRAISAL AND CONSULTING LIMITED

David W. I. CHEUNG
MRICS MHKIS RPS(GP) CREA
RICS Registered Valuer
Executive Director

Eric W. L. TANG
MRICS
RICS Registered Valuer
Director

Note: Mr. David W. I. Cheung is a Registered Professional Surveyor in General Practice Division with over 34 years' valuation experience on property in various regions including Hong Kong, Macao, the PRC, Japan, the United Kingdom, Canada and the United States of America, who has been vetted on the list of property valuers for undertaking valuations for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers published by The Hong Kong Institute of Surveyors, and is suitably qualified for undertaking valuations relating to listing exercises. Mr. Cheung has over 10-year of experience with Vigers Appraisal and Consulting Limited.

Mr. Eric W. L. Tang is a professional member of the Royal Institution of Chartered Surveyors with over 14 years' valuation experience on property in various regions including Hong Kong, Macao and the PRC. Mr. Tang has over 9-year of experience with Vigers Appraisal and Consulting Limited.

PROPERTY TO BE DISPOSED BY THE GROUP

The Property	Description and Tenure	Occupancy Status	Gross Development Value as at the Valuation Date
Ground Floor, First Floor and Second Floor of Block A, Block B, Block C and Block D, Nos. 301, 301A-C Prince Edward Road, West Kowloon (known as Kowloon Inland Lot No. 2320) (the "Property")	The property is situated on the south side of Prince Edward Road West at its junction with La Salle Road in Ho Man Tin district of Kowloon According to the approved building plans and information provided by the Group, the Property is being developed into a 17-storey residential block over a basement car park with a total saleable area of approximately 32,817 square feet (or 3,048 square metres). It is proposed to comprise 78 residential units offering a range of one and two bedroom apartments and a duplex unit, club house facilities, 9 car parking space and 1 motor parking space. Kowloon Inland Lot No. 2320 is held under Government Lease for a term of 75 years from 22nd April 1930 and renewable for a further 75 years with Government Rent payable of HK$56.00 per annum from time to time.	According to the information provided by the Group, the Property is at its final stage of development, and will be completed in Q3 2018.	HK$880,000,000 (HONG KONG DOLLARS EIGHT HUNDRED EIGHTY MILLION ONLY)

Note:

1. Pursuant to the recent land registration records, the current registered owners of the Property are listed as below:

Property	Registered Owners and Last Transactions
Ground Floor of Block A	GOLD ASSET INVESTMENT LIMITED vide Memorial No. 14100601570020 dated 5th September 2014
First Floor of Block A	GOLD ASSET INVESTMENT LIMITED vide Memorial No. 14100601570020 dated 5th September 2014
Second Floor of Block A	GOLD ASSET INVESTMENT LIMITED vide Memorial No. 14100601570020 dated 5th September 2014
Ground Floor of Block B	GOLD ASSET INVESTMENT LIMITED vide Memorial No. 14100601570020 dated 5th September 2014
First Floor of Block B	GOLD ASSET INVESTMENT LIMITED vide Memorial No. 14100601570020 dated 5th September 2014
Second Floor of Block B	GOLD ASSET INVESTMENT LIMITED vide Memorial No. 14100601570020 dated 5th September 2014
Ground Floor of Block C	WISE THINK GLOBAL LIMITED vide Memorial No. 14042501610014 dated 26th March 2014
First Floor of Block C	WISE THINK GLOBAL LIMITED vide Memorial No. 10043002440060 dated 1st April 2010
Second Floor of Block C	WISE THINK GLOBAL LIMITED vide Memorial No. 10043002440098 dated 1st April 2010
Ground Floor of Block D	GOLD ASSET INVESTMENT LIMITED vide Memorial No. 14100601570020 dated 5th September 2014
First Floor of Block D	GOLD ASSET INVESTMENT LIMITED vide Memorial No. 14100601570020 dated 5th September 2014
Second Floor of Block D	GOLD ASSET INVESTMENT LIMITED vide Memorial No. 14100601570020 dated 5th September 2014

2. Pursuant to the recent land registration records, the Property is subject to the following salient encumbrances:

   i. Mortgage in favour of Hang Seng Bank Limited vide Memorial No. 16020101520030 dated 15th January 2016;

   ii. Modification Letter from District Lands Officer, Kowloon East vide Memorial No. 17061500980011 dated 31st May 2017 (Remarks: Re-registered see mem No. 17071400390016);

   iii. Re-registration of Modification Letter from District Lands Officer, Kowloon East vide Memorial No. 17071400390016 dated 31st May 2017; and

   iv. Undertaking on GFA Concession vide Memorial No. 18021402540510 dated 16th November 2017 (Remarks: for Green Features, Amenity Features and Non-Mandatory/Non-Essential Plat Rooms and Services to the Building Authority).

3. The Development is located on the southern side of Prince Edward Road West at its junction with La Salle Road in Ho Man Tin district in Kowloon. The surrounding area is characterized by a mixture of medium-rise apartment buildings and high-rise residential developments which are mainly populated by the upper-middle and upper income groups The accessibility is considered reasonable with public transportation such as buses, light buses and taxis well served. The MTR Mong Kok East Station is located within 10 minutes' drive away from the Property.

4. The Property falls within an area zoned "Residential (Group B)" on the Ho Man Tin Outline Zoning Plan No. S/K7/24 ("the Outline Zoning Plan") approved on 8th September 2015. According to the explanatory note attached to the Outline Zoning Plan, on land designated "Residential (Group B)", no new development, or addition, alternation and/or modification to or redevelopment of an existing building shall result in a total development and/or redevelopment in excess of a maximum plot ratio of 5.0 and a maximum building heights of 80 metres above Principal Datum, or the plot ratio and height of the existing building, whichever is the greater.

5. Pursuant to the Modification Letter dated 31st May 2017, the Property is subject to the following salient lease conditions:

Use	:	"The said piece or parcel of ground or any part thereof or any building or part of any building erected or to be erected thereon shall not be used for any purpose other than for private residential purpose"
Total Gross Floor Area	:	"The total gross floor area of any building or buildings erected or to be erected on the said piece or parcel of ground shall not be less than 2,247 square metres and shall not exceed 3,744 square metres"
Height	:	"no part of any building or other structure erected or to be erected on the said piece or parcel of ground together with any addition or fitting (if any) to such building or structure may in the aggregate exceed a height of 80 metres above the Hong Kong Principle Datum..."

6. In our valuation of gross development value, we have compared the asset with identical or comparable (that is similar) assets for which price information is available. Comparable properties with similar character, location and so on are analysed and carefully weighed against all respective advantages and disadvantages of the Property in order to arrive at the fair comparison of value.

   The unit rates of comparable transactions are in the range of about HK$23,218 to HK$31,055 per square foot for domestic units and in range of about HK$2,100,000 to HK$4,000,000 per car parking space for car parking portion. Our valuation falls within these ranges.

7. According to the information provided by the Group, the estimated total development cost of the Property was HK$188,000,000 of which $157,250,000 was incurred and paid as at valuation date. We are therefore of the opinion the market value in existing status as at the valuation date is HK$849,250,000.

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 or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interest 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

Name of Director	Capacity	Number of Shares held (long position)	Aggregate number of Shares held	Approximate percentage of interest
Ms. Lui Yuk Chu	Beneficiary of a trust *(Note i)*	29,179,480	46,609,144	51.04%
	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	31.95%

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**")*

Name of Director	Capacity	Number of ordinary shares held (long position)	Number of underlying Shares held	Total	Approximate percentage of interest
Ms. Lui Yuk Chu	Beneficiary of a trust	739,330,692	311,480,281	1,050,810,973	35.43%

In the 739,330,692 shares of Eminence, 93,549,498 shares and 645,781,194 shares of Eminence are registered in the name of and are beneficially owned by Landmark Profits Limited and Goodco Development Limited respectively, both companies are wholly-owned subsidiaries of the Company. For the 311,480,281 underlying shares, of which 288,880,281 are the underlying shares of convertible notes issued by Eminence to 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 19.09% of the issued share capital of the Company and is wholly-owned by Ms. Lui Yuk Chu. Magical Profits Limited is interested in approximately 31.95% 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' interest

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, ii and iii*	Beneficial of a trust	46,609,144	51.04%
Koon Ho Yan Candy	*i*	Beneficial of a trust	29,179,480	31.95%
Koon Wing Yee	*i*	Interest of spouse	46,609,144	51.04%
Sea Rejoice Limited	*i & ii*	Beneficial owner	17,429,664	19.09%
Magical Profits Limited	*i & ii*	Beneficial owner	29,179,480	31.95%
Accumulate More Profits Limited	*i*	Interest of controlled corporation	29,179,480	31.95%
Winterbotham Trust	*i & iii*	Trustee	29,179,480	31.95%
Winterbotham Holdings Limited	*iii*	Interest of controlled corporation	29,179,480	31.95%
Markson International Holdings Limited	*iii*	Interest of controlled corporation	29,179,480	31.95%
Christopher Geoffrey Douglas Hooper	*iii*	Interest of controlled corporation	29,179,480	31.95%
Ian Geoffrey Douglas Hooper	*iii*	Interest of controlled corporation	29,179,480	31.95%

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 close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

6. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, which was subsisting and was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2017 (being the date to which the latest published audited consolidated accounts of the Group 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.

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) Company 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 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;

(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 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 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 sale loan of Global Chance Holdings Limited;

(m) a loan agreement dated 15 September 2017 entered into between Main Profit Investment Limited ("**Main Profit**"), a wholly-owned subsidiary of the Company, as 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 between Main Profit and Jimu Group to settle the loan repayment amount of HK$130,000,000 and other relevant expenses incurred in the transaction;

(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;

(p) 1 executed term sheet dated 4 December 2017 for the purchase of the ELN of China Construction Bank Corporation (stock code: 939) for a consideration of HK$50,000,000;

(q) 1 executed term sheet dated 8 January 2018 for the purchase of the ELN of HSBC Holdings plc (stock code: 0005) for a consideration of HK$50,000,000;

(r) 1 executed term sheet dated 18 January 2018 for the purchase of the ELN of Bank of China Limited for a consideration of HK$30,000,000;

(s) a second supplemental agreement dated 14 February 2018 entered into between Great Sail as the lender, FG as the borrower, the guarantor and the chargors under the share charges, pursuant to which the borrower agreed to repay the loan in the amount of HK$60,000,000 and the lender agreed to extend the repayment date of the remaining outstanding amount of the loan of HK$40,000,000 to 14 August 2018;

(t) 1 executed term sheet dated 16 March 2018 for the purchase of the ELN of Ping An Insurance (Group) Company of China, Ltd. (stock code: 2318) for a consideration of HK$50,000,000;

(u) the placing agreement dated 4 May 2018 entered between the Company and Get Nice Securities Limited, as the placing agent, to place 11,900,000 Shares of the Company at a placing price of HK$4.60 per Share;

(v) an agreement for sale and purchase dated 16 May 2018 entered into between Eternal Ridge Limited, a wholly owned subsidiary of the Company as the buyer and Mr. Ng Kwai Tung as the seller relating to the purchase of the entire issued share capital of Success Active Limited and the shareholder's loan by Success Active Limited to the seller at a total consideration of HK$154,712,615; and

(w) the S&P Agreement.

8. EXPERTS AND CONSENTS

The following are the qualifications of the experts who are named in this circular or have given their opinions or advices which are contained in this circular:

Name	Qualification
Cosmos CPA Limited	Certified Public Accountants
Deloitte Touche Tohmatsu	Certified Public Accountants
Vigers	Independent Professional Valuer

As at the Latest Practicable Date, the above experts did not have:

(a) any direct or indirect interest in any assets which have been, since 31 March 2017 (being the date to which the latest published audited consolidated accounts of the Group 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) 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 experts have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion of their letters and the references to their names in the form and context in which they appear.

9. GENERAL

(a) The company secretary of the Company is Mr. Lee Po Wing, a practising solicitor since 1994 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 accountant's report on Gold Asset issued by Cosmos CPA Limited, the text of which is set out in Appendix II to this circular;

(e) the letter from Deloitte Touche Tohmatsu in respect of the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular;

(f) the valuation report prepared by Vigers, the text of which is set out in Appendix V to this circular;

(g) the letters of consent referred to in the paragraph headed "EXPERTS AND CONSENTS" in this appendix;

(h) the material contracts referred to in the paragraph headed "MATERIAL CONTRACTS" in this appendix;

(i) 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 31 March 2017; and

(j) this circular.

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, 13 June 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) the sale and purchase agreement dated 16 March 2018 entered into between Delano Hills Limited, Ms. Park Gi Youn, Giant Astute Limited and the Company in relation to the sale and purchase of the entire issued share capital in and the shareholders' loans of Gold Asset Investment Limited and Wise Think Global Limited (the "**Agreement**"); and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(b) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such documents, instruments and agreements and do all such acts, matters and things as he/she may in his/her absolute discretion consider necessary, desirable or expedient for the purposes of or in connection with implementing, completing and giving effect to the Agreement and the transactions contemplated thereunder and to agree to such variations of the terms of the transactions contemplated under the Agreement as he/she may in his/her absolute discretion consider necessary or desirable."

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

Hong Kong, 24 May 2018

* *for identification purpose only*

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
Block A, 7th Floor
Hong Kong Spinners Building, Phase 6
481-483 Castle Peak Road
Cheung Sha Wan
Kowloon
Hong Kong

Notes:

1. 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 above Meeting.

5. The register of members will be closed from Friday, 8 June 2018 to Wednesday, 13 June 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, 7 June 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.