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If you have sold or transferred all your shares in Easyknit International Holdings Limited, you should at once hand this circular to the purchaser or the transferee or to the 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.

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

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EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1218)

**MAJOR TRANSACTION
ENTERING INTO A DEVELOPMENT AGREEMENT**

4 July 2014

* for identification only

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DEFINITIONS

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

“Board”	the board of Directors
“Building”	Nos. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong
“Company”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Development Agreement”	the development agreement dated 16 June 2014 entered into between Hansford and Wise Think in relation to the Joint Redevelopment
“Director(s)”	the director(s) of the Company
“First Property”	all those ground floor, first floor and second floor of Blocks A, B and D of the Building
“Government Lease”	the Government Lease of the Lot
“Group”	the Company and its subsidiaries
“Hansford”	Hansford International Investment Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“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
“Joint Redevelopment”	redevelopment of the Lot by Hansford and Wise Think as tenant-in-common by joint efforts as contemplated under the Development Agreement
“Latest Practicable Date”	30 June 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lot”	the Kowloon Inland Lot No. 2320
“New Building”	a multi-storey apartment building to be erected on the Lot
“Properties”	the First Property and the Second Property

DEFINITIONS

“Proportion”	the proportion of 75:25, with 75 attributed to Hansford and 25 attributed to Wise Think
“Redevelopment Cost”	all costs and expenses pertaining to the Joint Redevelopment, including but not limited to costs and expenses incurable in the application for the desired Government Lease modifications, the premium paid for the modifications; the costs and expenses for the preparation and approval of designs, building plans and specifications; survey and planning; demolition cost, formation and construction works; insurances; promotion advertising and marketing
“Second Property”	all those ground floor, first floor and second floor of Block C of the Building
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wise Think”	Wise Think Global Limited, a company incorporated in the British Virgin Islands with limited liability
“%”	percentage

LETTER FROM THE BOARD



EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1218)

Executive Directors:

Mr. Kwong Jimmy Cheung Tim
(President and Chief Executive Officer)
Ms. Lui Yuk Chu *(Vice President)*
Ms. Koon Ho Yan Candy

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Directors:

Mr. Tse Wing Chiu Ricky
Mr. Lai Law Kau

*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

Independent Non-executive Directors:

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

4 July 2014

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION ENTERING INTO A DEVELOPMENT AGREEMENT

INTRODUCTION

Reference is made to the announcement dated 16 June 2014 issued by the Company in relation to, among other things, the Development Agreement.

THE DEVELOPMENT AGREEMENT

Date : 16 June 2014 (after trading hours)

Parties : (a) Hansford
(b) Wise Think

** for identification only*

LETTER FROM THE BOARD

Hansford is a wholly-owned subsidiary of the Company and its principal activity is investment holding.

As far as the Company is aware after having made all reasonable enquires, Wise Think is a company a company incorporated in the British Virgin Islands and is principally engaged in investment holding activities.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Wise Think and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Information on the Lot

Hansford is the registered owner of the First Property and Wise Think is the registered owner of the Second Property. The First Property and the Second Property are held by Hansford and Wise Think respectively from the Government for the term of years created by the Government Lease.

The Properties comprise 12 units in a building situated at Nos. 301, 301A-C Prince Edward Road West, with a site area of approximately 8,060 square feet.

The First Property comprises 9 out of 12 units in the Building, with a total saleable area of approximately 8,736 square feet. The Second Property comprises 3 out of 12 units in the Building, with a total saleable area of approximately 2,736 square feet.

The Properties are residential units and all are currently vacant.

As at the Latest Practicable Date, the Properties are undergone demolition works and the Company is in the process of selecting the architectural plans.

Principal Terms of the Development Agreement

Pursuant to the terms of the Development Agreement, Hansford and Wise Think, as tenant-in-common of the Lot, have agreed to undertake the Joint Redevelopment by demolishing the Properties on the Lot and erecting in place thereof the New Building exploiting the maximum redevelopment potential obtainable following an application to the Director of Lands for any necessary modification of the Government Lease. Unless otherwise agreed by Hansford and Wise Think, the New Building will be a high class residential estate and may take about 2 to 3 years to complete the construction works. As the Joint Redevelopment project is still in a preliminary stage, the Board shall only have a more concrete plan in the method of sale and the expected revenue to be recognized upon the proximity to the final stage of the construction works.

Hansford and Wise Think agree that the New Building shall be completed with funds contributed by or bank financing obtained by each of Hansford and Wise Think at the Proportion and that the New Building shall be sold in open market and the net proceeds thereof shared between Hansford and Wise Think at the Proportion.

LETTER FROM THE BOARD

To facilitate the Joint Redevelopment, Wise Think irrevocably appoints Hansford as its representative to take charge of the Joint Redevelopment and undertake on its behalf all matters relating to the Joint Redevelopment and shall keep Hansford fully indemnified from all loss and damages arising from or incidental to its carrying out of such matters. Wise Think agrees to, at the request of Hansford from time to time made, execute such authorization or powers of attorney as Hansford may reasonably require in order to undertake on behalf of Wise Think the matters relating to the Joint Redevelopment.

REDEVELOPMENT COST

The aggregate Redevelopment Cost contemplated under the Development Agreement are presently estimated to be approximately HK\$460,000,000, which is determined based on the budget forecast as agreed between Hansford and Wise Think after arm's length negotiations and by reference to recent market prices of comparable redevelopment projects.

Under the terms of the Development Agreement, each of Hansford and Wise Think agrees to pay for and bear the Redevelopment Cost in the Proportion and undertakes to promptly make contribution to the Redevelopment Cost when called upon so to do by Hansford.

The Group will finance its cash contribution to the Joint Redevelopment from internal resources of the Group and/or bank financing.

If funding for the Redevelopment Cost by means by bank borrowing or other borrowings from third parties is required, each of Hansford and Wise Think shall use its best endeavours to procure such borrowings on the most favourable terms reasonably obtainable as to interest, repayment and security. When called upon to do so, Hansford and Wise Think shall execute in favour of the lending bank or financier a building mortgage in respect of the Lot and in any case where such borrowing cannot be secured upon reasonable terms without guarantees or securities in addition to the building mortgage, then such guarantees or securities shall be provided by each of Hansford and Wise Think severally in the Proportion.

FINANCIAL INFORMATION OF THE PROPERTIES

The site value of the Lot with vacant possession is valued at HK\$284,000,000 as at 31 March 2014 by an independent professional valuer.

For the financial year ended 31 March 2013, both the audited net profits before and after taxation and extraordinary items generated from the leasing of the Properties were approximately HK\$6,399,000.

For the financial year ended 31 March 2014, both the unaudited net profits before and after taxation and extraordinary items generated from the leasing of the Properties were approximately HK\$1,306,000.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE REDEVELOPMENT

The Group is principally engaged in property investment, property development, securities investment and loan financing, and the Group currently holds various commercial, industrial and residential properties in Hong Kong, Singapore and the People's Republic of China.

The First Property is currently being used by the Group for investment purposes.

The Directors are optimistic about the property market in Hong Kong, especially the luxury residential sector. The Board believes that the Joint Redevelopment will not only enhance the Group's assets portfolio but also strengthen the edge of the Company in luxury residential market in Hong Kong.

The Directors (including the independent non-executive Directors) consider that the Joint Redevelopment is on normal commercial terms and the terms of the Development Agreement are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

FINANCIAL EFFECTS ON THE GROUP

The Joint Redevelopment project pursuant to the Development Agreement will not have any material impact on the consolidated earnings or consolidated assets or liabilities of the Group.

IMPLICATIONS UNDER THE LISTING RULES

The entering into the Development Agreement constitutes a joint arrangement pursuant to Rule 14.04(1)(f) of the Listing Rules and based on the applicable percentage ratios calculated in accordance with Chapter 14 of the Listing Rules, it also constitutes a major transaction of the Company. The Development Agreement and the transactions contemplated therein, therefore, will be subject to the reporting, announcement and Shareholders' approval requirements pursuant to Listing Rules. So far as the Directors are aware, having made all reasonable enquiries, no Shareholder has a material interest in, and would be required to abstain from voting on the resolution to approve the Development Agreement if the Company were to convene a general meeting to approve the Development Agreement and the transactions contemplated therein.

WRITTEN SHAREHOLDERS' APPROVAL

Pursuant to Rule 14.44 of the Listing Rules, in lieu of a resolution to be passed at a general meeting of the Company, written approvals of the Joint Redevelopment have been obtained from Sea Rejoice Limited and Magical Profits Limited, the substantial shareholders of the Company with an aggregate interest in 46,609,144 Shares, representing approximately 58.69% of the issued share capital of the Company as at the date of this announcement. Sea Rejoice Limited which holds 17,429,664 Shares, representing approximately 21.95% of the issued shares of the Company, is wholly-owned by Ms. Lui Yuk Chu, the vice president and executive director of the Company and Easyknit Enterprises Holdings Limited. Magical Profits Limited, which holds 29,179,480 shares,

LETTER FROM THE BOARD

representing approximately 36.74% of the issued shares of the Company is wholly-owned by The Winterbotham Trust Company Limited as the new trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members (including Ms. Koon Ho Yan Candy, daughter of Ms. Lui Yuk Chu and an executive director of the Company and Easyknit Enterprises Holdings Limited) other than the spouse of Ms. Lui Yuk Chu) with effect from 3 June 2014. Sea Rejoice Limited and Magical Profits Limited are therefore a “closely allied group of shareholders” for the purpose of Listing Rules.

INFORMATION OF THE GROUP AND WISE THINK

The Group is principally engaged in the property investments, property development, garment sourcing and export business, loan financing and investment in securities.

Wise Think is an investment holding company incorporated in the British Virgin Islands with limited liability. As at the Latest Practicable Date, Wise Think is the owner of the Second Property.

RECOMMENDATION

The Board considers that the Development Agreement has been entered into after arm’s length negotiation and the terms of the Development Agreement are fair and reasonable and the entering into of the Development Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution if the Company were to convene a general meeting to approve the Development Agreement and the transaction contemplated thereunder.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of
Easyknit International Holdings Limited
Kwong Jimmy Cheung Tim
President and Chief Executive Officer

1. FINANCIAL SUMMARY OF THE GROUP

The published audited consolidated financial statements of the Group for the years ended 31 March 2011, 2012 and 2013 are disclosed in the annual reports of the Company for the years ended 31 March 2011, 2012 and 2013. The unaudited annual results of the Group for the year ended 31 March 2014 are published on 25 June 2014. They can be accessed on the website of the Company (www.easyknit.com) and the website of the Stock Exchange (www.hkexnews.hk).

2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the expected completion of the Acquisition and the present available financial resources, its expected internally generated funds and the present available banking facilities of the Group, the Group has sufficient working capital for the next 12 months from the date of this circular in the absence of unforeseen circumstances.

3. INDEBTEDNESS

At the close of business on 31 May 2014, being the latest practicable date for ascertaining this information prior to the printing of this circular, the Group had outstanding bank borrowings of approximately HK\$1,757.6 million, which were guaranteed by the Company and were secured by certain properties of the Group. The bank borrowings comprised bank loans of approximately HK\$1,756.2 million and interest payable of approximately HK\$1.4 million.

Apart from as disclosed above and intra-group liabilities, the Group did not have at the close of business on 31 May 2014 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, guarantees or other material contingent liabilities.

4. MATERIAL CHANGE

Since 24 September 2013, the garment sourcing and export businesses ceased to be one of the principal business activities of the Group as Easyknit Enterprises was changed from a subsidiary of the Group to an associate of the Group; the financial position and results of Easyknit Enterprises was deconsolidated from the Group's financial statements.

Goodco Development Limited, a wholly-owned subsidiary of the Company and a substantial shareholder of Easyknit Enterprises, subscribed a convertible note in the aggregate principal amount of HK\$100,000,000 issued by Easyknit Enterprises on 27 March 2014, Easyknit Enterprises is changed from an associate of the Group to a subsidiary of the Group. Accordingly, the financial position and results of Easyknit Enterprises is consolidated into those of the Group. And the garment sourcing and export businesses become one of the principal business activities of the Group.

Apart from as disclosed above, the Directors are not aware of any material adverse change to the financial or trading position of the Group since 31 March 2013, being the date to which the latest audited financial statements of the Group were made up.

5. MANAGEMENT DISCUSSION AND ANALYSIS

The following is extracted from the Company's announcement dated 25 June 2014 relating to the annual results of the Group for the year ended 31 March 2014:

(i) Property Investments

The Group has investment properties in Hong Kong, Singapore and the People's Republic of China (the "PRC").

Hong Kong, Singapore and the PRC

Turnover of the Group's property rental for the year under review was HK\$63,433,000 (2013: HK\$51,246,000), an increase of HK\$12,187,000 or 23.8% over the last year mainly due to the increasing rental rates for retail properties in Hong Kong as demand for retail properties continued to be driven by growing tourist and domestic spending. The Group's investment properties comprise mainly residential, commercial and industrial properties.

As at 31 March 2014, the Group's commercial and residential rental properties in Hong Kong and Singapore were leased 100% and 67% respectively. The industrial rental properties continued to maintain a high occupancy rate of 94%. The property management fee income was HK\$547,000 (2013: HK\$506,000). At the year end date, the Group based on professional valuations accounted for a decrease in fair value gain of investment properties to HK\$40,714,000 (2013: HK\$487,051,000). The Group had leased out 3 blocks of factory premises and partially leased out 4 blocks of dormitories, with a total gross floor area of 63,891 sq.m. in Huzhou, the PRC. In addition, further construction works are on hand.

The Group regularly reviews the existing tenant composition and seeks to enhance its optimum mix. The Group also continues to replenish its investment property portfolio by selecting and locating prospective retail acquisition targets. The 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

For the year under review, the total revenue derived from the property sales of One Victory was HK\$108,262,000 (2013: HK\$257,814,000). A residential project, namely "PAXTON", at No. 311-313 Prince Edward Road West which offers about 49 units of 74,285 square feet gross floor area will be formally launched with grand opening in late June 2014.

Another residential project at No. 301 Prince Edward Road West has commenced the demolition works.

With the completion of the acquisitions of remaining 2 units out of 8 units of a building at No. 14 and 16 Inverness Road, Kowloon Tong, Kowloon, Hong Kong at a consideration of HK\$49,300,000 in July 2013, the Group became the sole owner of the whole building and demolition works of such building were commenced in June 2014.

(iii) Garment Sourcing and Export Businesses

For the year ended 31 March 2014, this segment recorded a turnover of HK\$96,969,000 (2013: HK\$211,770,000) representing 54.2% decrease comparing with 2013. Cost of sales for the year amounted to HK\$86,361,000 (2013: HK\$190,157,000) and the loss of this business segment was HK\$2,077,000 (2013: loss of HK\$1,601,000).

(iv) Investment in Securities

The Group has maintained a portfolio of listed equity securities in Hong Kong. For the year ended 31 March 2014, this business segment has recorded a profit of HK\$8,564,000 (2013: HK\$15,433,000).

6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As disclosed in the Company's announcement dated 25 June 2014 relating to the annual results for the year ended 31 March 2014, Hong Kong's economy is expected to record modest growth supported by low levels of employment and inflation. We expect the operating environment for residential property will remain challenging under the government's cooling measures. Escalating construction costs are also impacting developers' risk assessments for new project developments. However, we believe the residential property market will remain resilient in view of low mortgage rates, tight supply in the urban and luxurious areas, as well as domestic household demand. The government's plan to boost land supply will support the property market's healthy development in the long run.

The sales revenue of the residential project , PAXTON, at No. 311-313 Prince Edward Road West and related profits is going to be recognized in year 2014/15. Increasing sourcing and labour costs, transfer of customer orders and other operating pressure are still affecting the garment industry. The Group is dedicated to maintain good and close relationship with valuable customers, strengthen its current sales and marketing strategies to meet the prevailing trend of the garment industry, and explore new markets and increase profit margins.

The Group will keep on optimizing the securities investment portfolio and will insist on a cautious attitude towards investment strategy in order to secure stable returns at a minimal risk.

Although the prospects of the global economy are still full of uncertainties, we are confident that we are well positioned with the right strategic moves, harvest of which can be enjoyed by the shareholders in the coming years.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests in Shares

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

(i) Interests in the Company

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

Notes:

- (i) 29,179,480 Shares are registered in the name of and 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 as the new trustee of The Magical 2000 Trust since 3 June 2014 (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 a director of the Company, is deemed to be interested in the Shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.

(ii) Interest in associated corporations*Easyknit Enterprises*

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 (Note iv)	136,993,438	121,212,121	258,205,559	66.00%
Ms. Koon Ho Yan Candy	Beneficiary of a trust (Note v)	136,993,438	121,212,121	258,205,559	66.00%

Notes:

- (iv) In the 136,993,438 shares, 47,140,104 shares and 89,853,334 shares are registered in the name of and beneficially owned by Landmark Profits Limited and Goodco Development Limited respectively, both are the wholly-owned subsidiaries of the Company. Goodco Development Limited is also interested in 121,212,121 underlying shares (subject to adjustment) to be issued upon the full conversion of the convertible note. Sea Rejoice Limited is interested in approximately 21.95% of the issued share capital of the Company and it is wholly-owned by Ms. Lui Yuk Chu. Magical Profits Limited is interested in approximately 36.74% of the issued share capital of the Company and it is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by The Winterbotham Trust Company Limited as the new trustee of The Magical 2000 Trust (the beneficiaries of which included Ms. Lui Yuk Chu and her family members other than her spouse) since 3 June 2014.
- (v) Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and a director of the Company, is deemed to be interested in the shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.

Wellmake Investments Limited (“Wellmake”) (note vi)

Name of director	Capacity	Number of non-voting deferred shares held	Percentage to issued non-voting deferred shares of Wellmake
Ms. Lui Yuk Chu	Beneficial owner (note vii)	1	100%
	Interest of spouse (note vii)	1	

Notes:

- (vi) All the issued ordinary shares in the share capital of Wellmake which carry the voting rights are held by the Company.
- (vii) One non-voting deferred share is held by Ms. Lui Yuk Chu as beneficial owner. The other one non-voting deferred share is held by her spouse, Mr. Koon Wing Yee, in which Ms. Lui Yuk Chu is deemed to be interested in such share by virtue of the SFO.

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

(b) Substantial Shareholders' interests

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

Name of Shareholder	Note	Capacity	Number of ordinary Shares held (long position)	Approximate Percentage of interest
Koon Wing Yee	<i>i</i>	Interest of spouse	46,609,144	58.69%
Sea Rejoice Limited	<i>i & ii</i>	Beneficial owner	17,429,664	21.95%
Magical Profits Limited	<i>i & ii</i>	Beneficial owner	29,179,480	36.74%
Accumulate More Profits Limited	<i>i</i>	Interest of controlled corporation	29,179,480	36.74%
The Winterbotham Trust Company Limited	<i>i & iii</i>	Trustee	29,179,480	36.74%
Winterbotham Holdings Limited	<i>iii</i>	Interest of controlled corporation	29,179,480	36.74%
Markson International Holdings Limited				

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 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 as new trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu, a director of the Company, and her family members other than her spouse) since 3 June 2014. Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and a director of the Company, 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 a director of the Company, is also a director of Sea Rejoice Limited and Magical Profits Limited.
- (iii) Since 3 June 2014, The Winterbotham Trust Company Limited (“Winterbotham Trust”) became the new 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 are 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. 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).

4. 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) the placing agreement dated 18 July 2012 entered into between Easyknit Enterprises and Kingston Securities Limited, as the placing agent, to place 114,700,000 new shares of Easyknit Enterprises at a placing price of HK\$0.106 per share;
- (b) the underwriting agreement dated 15 August 2012 entered into between Easyknit Enterprises and Kingston Securities Limited, as the underwriter, to underwrite 381,428,337 rights shares of Easyknit Enterprises at a subscription price of HK\$0.077 per rights share;

- (c) a tenancy agreement dated 12 September 2012 entered into between Easyknit Worldwide Company Limited, a wholly-owned subsidiary of Easyknit Enterprises, as tenant and Wellmake Investments Limited, an indirect wholly-owned subsidiary of the Company, as landlord in respect of the lease of the premises located at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong for 3 years at a monthly rental at HK\$208,000;
- (d) the underwriting agreement dated 11 October 2012 entered into between Easyknit Enterprises and Kingston Securities Limited, as the underwriter, in relation to the underwriting and certain other arrangements in respect of the rights issue of 286,071,250 rights shares of Easyknit Enterprises at the subscription price of HK\$0.40 per rights share;
- (e) the placing agreement dated 28 January 2013 entered into between Easyknit Enterprises and Kingston Securities Limited, as the placing agent, to place 68,656,000 new shares of Easyknit Enterprises at a placing price of HK\$0.44 per share;
- (f) the underwriting agreement dated 5 April 2013 entered into between Easyknit Enterprises and Kingston Securities Limited, as the underwriter, in relation to the underwriting and certain other arrangements in respect of rights issue of 1,235,824,000 rights shares of Easyknit Enterprises at the subscription price of HK\$0.10 per rights share;
- (g) the placing agreement dated 11 September 2013 entered into between Easyknit Enterprises and Kingston Securities Limited, as the placing agent, to place 329,540,000 new shares of Easyknit Enterprises at a placing price of HK\$0.063 per share;
- (h) the subscription agreement dated 16 January 2014 entered into between Easyknit Enterprises and Goodco Development Limited, the substantial shareholder of Easyknit Enterprises and a wholly-owned subsidiary of the Company, as the subscriber, agreed to subscribe a convertible note issued by Easyknit Enterprises in the aggregate principal amount of HK\$100,000,000 which may be converted into 147,058,823 shares of Easyknit Enterprises at the conversion price of HK\$0.68 per share (subject to adjustment);
- (i) the placing agreement dated 6 June 2014 entered into between Easyknit Enterprises and Kingston Securities Limited, as the placing agent, to place 65,200,000 new shares at a placing price of HK\$0.35 per share; and
- (j) the Development Agreement.

5. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which 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 2013 (being the date to which the latest published audited accounts of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

6. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

7. 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.

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 2013 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) 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 written consents to the issue of this circular with the inclusion of their letters and the references to their name in the form and context in which they appear.

8. GENERAL

- (a) The company secretary of the Company is Mr. Lee Po Wing, a practising solicitor since 1994 with extensive experience in legal field;
- (b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business of the Company in Hong Kong is at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481- 483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong;
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong; and
- (d) The English text of this circular prevails over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company containing audited consolidated financial statements of the Company for the two years ended 31 March 2012 and 2013;
- (c) the interim report of the Company for the six months ended 30 September 2013;
- (d) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (e) a copy of each circular issued pursuant to the requirement set out in Chapter 14 and/or 14A of the Listing Rules which has been issued since the date of the latest published audited accounts; and
- (f) this circular.