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

If you have sold or transferred all your shares in Easyknit International Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

9 September 2015

* *for identification purposes only*

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DEFINITIONS

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

“2014 Convertible Note”	the 2% per annum coupon rate convertible note issued by Easyknit Enterprises on 27 March 2014 in the aggregate principal amount of HK\$100,000,000 conferring rights to convert EE Shares on the basis of the prevailing conversion price of HK\$10.65 per EE Share, of which HK\$80,000,000 has already been converted
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday and Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon) on which banks are open for business in Hong Kong
“BVI”	the British Virgin Islands
“Completion”	the completion of the SPA(s)
“Company” or “Easyknit International”	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
“Consideration”	the consideration of the sale and purchase of the Properties Group
“Director(s)”	director(s) of the Company
“DTZ”	DTZ Debehm Tie Leung (SEA) Pte Ltd
“Easyknit Enterprises”	Easyknit Enterprises 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
“Goodco”	Goodco Development Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of Easyknit International, being a substantial shareholder of Easyknit Enterprises

DEFINITIONS

“Group”	the Company and its subsidiaries
“GT Property”	an industrial unit situate at 6/F., Nos. 650-652 Castle Peak Road, & 18A Wing Hong Street, Cheung Sha Wan with a floor area of approximately 3,600 sq.ft.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Inverness Road Project”	the residential project of Nos. 14, 16, 18 and 20 Inverness Road, Kowloon, Hong Kong with a total registered site area of 17,637 sq.ft.
“Janson Property”	an industrial unit situate at 2/F., Nos. 790, 792 & 794 Cheung Sha Wan Road, Cheung Sha Wan, with a floor area of approximately 3,600 sq.ft.
“Knight Frank”	Knight Frank Petty Limited
“Landmark Profits”	Landmark Profits Limited, a company incorporated in the BVI with limited liability, and a wholly-owned subsidiary of Easyknit International, being a substantial shareholder of Easyknit Enterprises
“Latest Practicable Date”	4 September 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Matheson Street Project”	the redevelopment project of Nos. 11, 13 and 15 of Matheson Street, Causeway Bay, Hong Kong
“Properties Group”	a total of 11 units comprises Singapore Properties, ST Properties, GT Property and Janson Property
“Purchaser(s)”	the purchaser(s) of the SPA(s): (a) Easyknit Enterprises (b) Power Bright Investments Limited (c) New Pursuit Limited (d) Fresh Smart Investments Limited

DEFINITIONS

“Rights Issue”	the proposed issue of the 1,063,437,920 rights shares by Easyknit Enterprises at a subscription price of HK\$0.48 per rights share as announced on 6 August 2015
“Sale Loans”	refers to an aggregate sale loan of the Target Companies, due to the Company, the ultimate holding company of the Target Companies
“Sale Share(s)”	entire issued shares of each Target Company
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the Company’s share capital
“Shareholder(s)”	holder(s) of Share(s)
“Singapore Properties”	<p>the 3 residential units in Singapore with a total floor areas of 268 square metres, namely:</p> <ul style="list-style-type: none">(a) #04-03 Ardmore Park, Singapore 259959(b) #06-04 Ardmore Park, Singapore 259959(c) #18-02 Ardmore Park, Singapore 259959
“SPA(s)”	4 sets of sale and purchase agreements dated 6 August 2015 entered into between the Purchaser(s) and the Vendor in relation to the sale and purchase of the Sale Share(s) of the Target Companies
“sq.ft.”	square foot/feet
“ST Properties”	<p>6 properties in Hong Kong of which 3 for residential and 3 for industrial:</p> <ul style="list-style-type: none">(a) House 9, Villa Castell, No. Yau King Lane, Tai Po with a floor area of approximately 2,358 sq.ft.(b) Unit 1 & 2, 7/F., Block D and Car Parking Space No. 46 on Lower G/F., Shatin Heights, No. 8003 Tai Po Road, Shatin with a floor area of 2,408 sq.ft.(c) 3rd floor, No. 161 Wong Nai Chung Road with a floor area of 780 sq.ft.(d) Unit B, 1/F., Fung Wah Factory Building, Nos. 646, 648, 648A Castle Peak Road with a floor area of 1,920 sq.ft.(e) roof floor, No. 20 Wing Hong Street with a floor area of 3,402 sq.ft.(f) 5th floor, No. 20 Wing Hong Street with a floor area of 2,910 sq.ft.

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Supplemental Agreement”	a supplemental agreement entered into between the Vendor and the Purchasers dated 28 August 2015 supplemented the SPA(s) by amending the Purchaser(s) agreed to purchase also the Sale Loan without increasing the Consideration
“Target Company(ies)”	the subsidiaries of Easyknit International: (a) Grow Well Profits Limited (b) Supertop Investment Limited (c) Golden Top Properties Limited (d) Janson Properties Limited (e) Goldchamp International Limited
“Undertakings”	the conditional irrevocable undertakings dated 6 August 2015 from Landmark Profits and Goodco to Easyknit Enterprises relating to the Rights Issue. Details are set out in the section headed “Undertakings” in the joint announcement of the Company and Easyknit Enterprises dated 6 August 2015
“Vendor”	Easyknit Properties Holdings Limited, a wholly-owned subsidiary of Easyknit International, a company incorporated in the BVI 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

Non-executive Director:

Mr. Tse Wing Chiu Ricky
Mr. Lai Law Kau

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

9 September 2015

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

SALE OF THE PROPERTIES GROUP

INTRODUCTION

Reference is made to the joint announcement of the Company and Easyknit Enterprises dated 6 August 2015 and the Supplemental Agreement in relation to, among other things, the SPA(s) entered into by the Vendor and the Purchaser(s), pursuant to which the Vendor conditionally agreed to procure the sale of, and the Purchaser(s) conditionally agreed to purchase, the Sale Share(s) of the Target Companies of the Properties Group, representing the entire issued share capital of Target Companies, and the Sale Loan for an aggregate Consideration of HK\$240 million. The Consideration to be received in cash will be set off against the subscription money of the Rights Issue of approximately HK\$210,000,000 which is payable to Easyknit Enterprises by the Group.

* for identification purposes only

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company, through Landmark Profits and Goodco, is interested in 217,776,531 shares of Easyknit Enterprises, representing 40.96% of the total issued share capital of Easyknit Enterprises. In addition, Easyknit International also held an outstanding 2014 Convertible Note in principal amount of HK\$20,000,000 which are convertible into shares of Easyknit Enterprises during the five-year period commencing from 27 March 2014 at the prevailing adjusted conversion price of HK\$10.65 per share. As at the Latest Practicable Date, Easyknit Enterprises is an associated company of the Company.

The purpose of this circular is to provide to you, among other things, (i) details of the SPA; (ii) Unaudited Proforma Financial Information of the Group upon completion of the SPA(s) and Rights Issue; and (iii) the financial information of the Group.

PROPERTIES GROUP

Properties Group has 11 properties comprises 6 residential units (3 units in Hong Kong and 3 units in Singapore), 5 industrial units. All 11 units are leased to third parties independent of the Company. The expiration date of each tenancy is different but the expiration date of the respective tenancies ranges between October 2015 and May 2017. The aggregate monthly rental of the Properties Group is approximately HK\$547,000. The aggregate valuation of the Properties Group is HK\$239,788,785 which is indicated by independent valuers.

THE SPA – SINGAPORE PROPERTIES

Date: 6 August 2015

Parties
Purchaser: Power Bright Investments Limited
Vendor: Easyknit Properties Holdings Limited

Target Company: Grow Well Profits Limited is incorporated in British Virgin Islands and its sole asset is Singapore Properties.

Pursuant to the SPA, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Share, upon the terms contained therein. Upon Completion, the Target Company will cease to be a subsidiary of Easyknit International. The Target Company is an investment holding company holds 100% interests in the Singapore Properties.

The Singapore Properties comprises 3 residential units in Singapore and are currently leased to 3 tenants, which are third parties independent of the Company, at an aggregate monthly rental of approximately HK\$287,200.

The consideration for acquiring the Sale Share and the sale loan is HK\$137,770,000 and it was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the location of the Singapore Properties and the valuation at the existing market value of HK\$137,558,785 performed by DTZ (independent property valuer).

LETTER FROM THE BOARD

THE SPA – ST PROPERTIES

Date: 6 August 2015

Parties
Purchaser: Easyknit Enterprises
Vendor: Easyknit Properties Holdings Limited

Target Company: Supertop Investment Limited is a company incorporated in British Virgin Islands and its sole assets (through its wholly-owned subsidiary Goldchamp International Limited) is ST Properties.

Pursuant to the SPA, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Share, upon the terms contained therein. Upon Completion, the Target Company will cease to be a subsidiary of Easyknit International. The Target Company is an investment holding company, which through its wholly-owned subsidiary, holds 100% interests in ST Properties.

The ST Properties comprises 6 units in Hong Kong of which there are 3 residential units and 3 industrial units, all are currently leased to 5 tenants, which are third parties independent of the Company, at an aggregate monthly rental of HK\$135,000.

The consideration for acquiring the Sale Share and the sale loan is HK\$60,750,000 and it was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the location of the ST Properties and the valuation at the existing market value of HK\$60,750,000 performed by Knight Frank.

THE SPA – GT PROPERTY

Date: 6 August 2015

Parties
Purchaser: New Pursuit Limited
Vendor: Easyknit Properties Holdings Limited

Target Company: Golden Top Properties Limited is a company incorporated in Hong Kong and its sole asset is the GT Property.

Pursuant to the SPA, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Share, upon the terms contained therein. Upon Completion, the Target Company will cease to be a subsidiary of Easyknit International. The Target Company is an investment holding company holds 100% interests in GT Property.

The GT Property refers to an industrial unit in Hong Kong is currently leased to a tenant, which is a third party independent of the Company, at an aggregate monthly rental of HK\$100,000.

LETTER FROM THE BOARD

The Consideration for acquiring the Sale Share and the sale loan is HK\$29,800,000 and it was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the location of the GT Property and the valuation valued at the existing market value of HK\$29,800,000 by Knight Frank.

THE SPA – JANSON PROPERTY

Date: 6 August 2015

Parties
Purchaser: Fresh Smart Investments Limited
Vendor: Easyknit Properties Holdings Limited

Target Company: Janson Properties Limited is a company incorporated in Hong Kong and its sole assets is the Janson Property.

Pursuant to the SPA, Easyknit Enterprises has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Share, upon the terms contained therein. Upon Completion, the Target Company will cease to be a subsidiary of Easyknit International. The Target Company is an investment holding company holds 100% interests in Janson Property.

The Janson Property is an industrial unit in Hong Kong and is currently leased to a tenant, which is a third party independent of the Company, at an aggregate monthly rental of HK\$32,000.

The Consideration for acquiring the Sale Share and the sale loan is HK\$11,680,000 and it was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the location of the Janson Property and the valuation valued at the existing market value of HK\$11,680,000 by Knight Frank.

SALE LOAN

Pursuant to the Supplemental Agreement, the amount of the Sale Loan is HK\$112,657,195.19, which is an aggregate loan figure of the Target Companies due to the Company, derived from the audited financial statements for the year ended 31 March 2015 of the Target Companies; and the Vendor stated that at the Completion, the Sale Loan shall not exceed the amount of HK\$113 million. The Directors confirmed that the Consideration to purchase the Properties Group at HK\$240 million includes the purchase of Sale Shares and Sale Loan.

Conditions precedent

Completion is conditional upon the following conditions (the “**Conditions**”) having been fulfilled or waived (as the case may be):

- (a) The respective obligations of the parties to effect completion of the sale and purchase of the Sale Shares are conditional upon the following:
 - (i) Easyknit Enterprises being satisfied with its “due diligence” review of the legal and financial affairs of the Properties Group;
 - (ii) Easyknit Enterprises having received the sums payable to it in the Rights Issue that is the subject of the underwriting agreement;

LETTER FROM THE BOARD

- (iii) the approval of the SPA(s) and the transactions contemplated thereunder, by the shareholders of Easyknit Enterprises (other than those who are required by the Listing Rules to abstain from voting) as required under the Listing Rules having been obtained; and
 - (iv) the approval of the SPA and the transactions contemplated thereunder, by the Shareholders (other than those who are required by the Listing Rules to abstain from voting) as required under the Listing Rules having been obtained.
- (b) Each party shall use its reasonable endeavours and co-operate to ensure the fulfilment of the Conditions by 30 November 2015. The Vendor shall use all reasonable endeavours to assist Easyknit Enterprises in connection with the due diligence review to be conducted by the Purchaser.
- (c) If the Conditions have not been fulfilled (or, where applicable, waived by the Purchaser(s)) on or before 30 November 2015 (or such other date as may be agreed by the Vendor and the Purchaser(s)) and either the Vendor on the one hand or Easyknit Enterprises on the other hand, gives notice to terminate the SPA(s), the SPA(s) shall thereupon terminate.

Completion

Completion shall take place on the third Business Day after the date on which the abovementioned conditions have been satisfied or, if applicable, waived by Easyknit Enterprises or such other date as Easyknit Enterprises and the Vendor may agree in writing.

Upon Completion, the Target Companies will cease to be wholly-owned subsidiaries of the Company and will become wholly-owned subsidiaries of Easyknit Enterprises. The Company, through Landmark Profits and Goodco, is interested in approximately 40.96% interests of the entire issued share capital of Easyknit Enterprises. Accordingly, upon Completion, the Company will through its interests in Easyknit Enterprises be interested in the Target Companies.

REASONS FOR AND BENEFITS OF THE SPAS

The Group is principally engaged in property investment, property development, investment in securities and loan financing. The Group currently holds various commercial, industrial and residential properties in Hong Kong and Singapore.

The Board has a view to restructure its property business by focusing the resources investing in the commercial properties and property development.

In addition, the Board is optimistic about the future prospects of Easyknit Enterprises in terms of its principal activities and therefore it is important to subscribe the rights shares of the Rights Issue so as to maintain the pro-rata shareholding in Easyknit Enterprises. By subscribing the rights shares, the Company (through Landmark Profits and Goodco) undertakes to subscribe 435,553,040 rights shares at HK\$0.48 per rights share at a total subscription monies of approximately HK\$210,000,000.

LETTER FROM THE BOARD

The Board considers the settlement of subscription monies payable by Landmark Profits and Goodco to Easyknit Enterprises in the rights shares by set off against the Consideration owed by Easyknit Enterprises to the Company pursuant to the SPA(s) is a win-win arrangement. It is because the Company can maintain its pro-rata shareholding in Easyknit Enterprises and at the same time it has an opportunity to restructure its property business; the acquisition of the Properties Group will benefit Easyknit Enterprises and its shareholders because a typical property development project takes at least 3 years to complete and the acquisition cost and development cost for similar asset likely to be much more than HK\$240 million. In addition, the Properties Group can generate immediate revenue and facilitate by way of additional stable income to Easyknit Enterprises upon Completion.

The net proceeds from the disposal of the Properties Group (after netting off the subscription moneys relating to the proposed rights issue of Easyknit Enterprises) are estimated to be approximately HK\$31,000,000 million to be received in cash, which Easyknit International intends to apply to future investment opportunities and/or as other general working capital for the Group.

Having considered the above factors together with the Consideration, which was determined after arm's length negotiation between Easyknit Enterprises and the Vendor with reference to the Valuation Reports in Appendices III and IV to this circular, the Directors including the non-executive Directors, are of the view that the SPA(s) is fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE TARGET COMPANIES

Set out below are the audited consolidated financial information of the Target Companies prepared in accordance with the Hong Kong Financial Reporting Standards for the financial years ended 31 March 2014 and 2015:

	Grow Well Profits Limited HK\$'000 (note)	Golden Top Properties Limited HK\$'000	Supertop Investment Limited and its subsidiary HK\$'000	Janson Properties Limited HK\$'000
<i>Year ended 31 March 2015</i>				
Profit/(loss) before taxation	(29,959)	1,869	3,592	435
Profit/(loss) after taxation	(30,054)	1,869	3,592	435
<i>Year ended 31 March 2014</i>				
Profit/(loss) before taxation	(106)	6,919	2,609	3,388
Profit/(loss) after taxation	(262)	6,919	2,609	3,388

Note:

The loss figures are calculated according to the accounting principles and are mainly due to the loss in foreign exchange of approximately HK\$8,804,000 and loss on changes in fair value of investment properties of approximately HK\$23,311,000. The total rental income generated from Singapore Properties will not be affected by such loss figures.

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE COMPLETION OF SPAS

Upon completion, the Company will cease to have any equity interests in the Target Companies. The financial results of the Target Companies will no longer be consolidated in the financial statements of the Group.

Based on the audited accounts of the Target Companies for the year ended 31 March 2015 and taking into account the existing market value of the Properties Group, the Group is expected to record an estimated loss of approximately HK\$7,800,000 upon disposal of the Properties Group. The actual amount of loss to be recognised would be subject to the operating results of the Target Companies for the period from 1 April 2015 upto the date of Completion, recognition of the expenses to be incurred in relation to the disposal of the Properties Group and the review by Easyknit International's auditors.

Total assets

As at 31 March 2015, the audited total assets of the Group were approximately HK\$5,583.6 million. Assuming completion of the disposal of Target Companies and the Rights Issue took place on 31 March 2015, the unaudited pro forma total assets of the Group would be approximately HK\$5,880.1 million as set out in Appendix II to this circular.

Liabilities

As at 31 March 2015, the audited total liabilities of the Group were approximately HK\$1,688.8 million. Assuming completion of the disposal of Target Companies and the Rights Issue took place on 31 March 2015, the unaudited pro forma total liabilities of the Group would not be affected as set out in Appendix II to this circular.

Net assets

As at 31 March 2015, the audited consolidated net tangible assets of the Group were approximately HK\$3,894.8 million. Assuming completion of the disposal of Target Companies and the Rights Issue took place on 31 March 2015, the unaudited pro forma net assets of the Group would be approximately HK\$4,191.3 million as set out in Appendix II to this circular.

The actual financial effect from the disposal of Target Companies will be computed based on the financial information of the Properties Group as at Completion, and therefore would be different from the aforesaid amount.

IMPLICATIONS ON THE LISTING RULES

Under Chapter 14 of the Listing Rules, the SPAs constitutes a major transaction of the Company. The SPAs and the transactions contemplated thereunder are subject to the reporting, announcement and shareholders' approval requirements pursuant to the Listing Rules.

LETTER FROM THE BOARD

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the major transaction relating to the Disposal or should the aforesaid major transaction be put forward to the Shareholders for approval at a general meeting of the Company be required to abstain from voting on the resolution(s) approving the transaction.

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 Disposal 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. Magical Profits Limited, which holds 29,179,480 Shares, representing approximately 36.74% of the issued shares of the Company is wholly-owned by The Winterbotham Trust Company Limited as the trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members (including Ms. Koon Ho Yan Candy, daughter of Ms. Lui Yuk Chu and an executive director of the Company) other than the spouse of Ms. Lui Yuk Chu). Sea Rejoice Limited and Magical Profits Limited are therefore a "closely allied group of shareholders" for the purpose of the Listing Rules.

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 2013, 2014 and 2015 are disclosed in the annual reports of the Company for the year ended 31 March 2013, 2014 and 2015 respectively. 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 its present available financial resources, the Group will have sufficient working capital for its present requirements and for the period up to 12 months from the date of this circular in the absence of unforeseen circumstances.

3. INDEBTEDNESS

At the close of business on 31 July 2015, 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\$916.4 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\$916.0 million and interests payable of approximately HK\$0.4 million.

Apart from as disclosed above and intra-group liabilities, the Group did not have at the close of business on 31 July 2015 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. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

For the year 2015/16, 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 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 Group is still optimistic about the local property market.

The 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 Group is confident in the sales of this project in 2015/16.

The foundation works at No. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong is now underway. Such project is expected to be launched in the year 2017.

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.

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

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 2015, being the date to which the latest published audited financial statements of the Company were made up.

**APPENDIX II UNAUDITED PROFORMA FINANCIAL INFORMATION OF THE
GROUP UPON COMPLETION OF THE SPAS AND RIGHTS ISSUE**

UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES

The following is an illustrative and unaudited pro forma statement of assets and liabilities of the Group (the “Pro Forma Statement”) which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the disposal of the Target Companies to Easyknit Enterprises pursuant to the SPAs (the “Major Transaction”) as if the Major Transaction had taken place on 31 March 2015 without taking into account the changes in accounting treatment for the Major Transaction caused by the deemed disposal of Easyknit Enterprises and its subsidiaries arising from the issuance of convertible note by Easyknit Enterprises on 12 June 2015. Upon the issuance of the convertible note, Easyknit Enterprises no longer was a subsidiary of the Group and became an associate of Easyknit International and hence the Major Transaction would not have been an intra-group transaction. However, as this change in classification of the Group’s investment in Easyknit Enterprises took place subsequent to 31 March 2015, the Pro Forma Statement at 31 March 2015 are prepared as if Easyknit Enterprises was still a subsidiary of the Group.

This Pro Forma Statement has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the assets and liabilities of the Group had the Major Transaction been completed as at 31 March 2015 or at any future date.

	The Group at 31 March 2015	Pro forma adjustment	Pro forma total for the Group
	<i>HK\$’000</i> (Audited) <i>Note 1</i>	<i>HK\$’000</i> <i>Note 2</i>	<i>HK\$’000</i> (Unaudited)
Non-current assets			
Property, plant and equipment	36,220	–	36,220
Investment properties	2,756,494	–	2,756,494
Available-for-sale investments	97,916	–	97,916
Loans receivable	54,017	–	54,017
Deposits for acquisition of property, plant and equipment	4,249	–	4,249
Deposit and prepayments for a life insurance policy	9,901	–	9,901
	2,958,797	–	2,958,797

**APPENDIX II UNAUDITED PROFORMA FINANCIAL INFORMATION OF THE
GROUP UPON COMPLETION OF THE SPAS AND RIGHTS ISSUE**

	The Group at 31 March 2015	Pro forma adjustment	Pro forma total for the Group
	<i>HK\$'000</i> (Audited) <i>Note 1</i>	<i>HK\$'000</i> <i>Note 2</i>	<i>HK\$'000</i> (Unaudited)
Current assets			
Properties held for development for sale	604,918	–	604,918
Deposits and prepayments for acquisition of properties held for development for sale	84,848	–	84,848
Properties held for sale	1,035,599	–	1,035,599
Investments held for trading	325,435	–	325,435
Trade and other receivables	93,771	–	93,771
Bills receivable	869	–	869
Loans receivable	100,831	–	100,831
Bank balances and cash	378,520	296,541	675,061
	<u>2,624,791</u>	<u>296,541</u>	<u>2,921,332</u>
Current liabilities			
Trade and other payables	104,494	–	104,494
Tax payable	29,615	–	29,615
Secured bank borrowings	902,767	–	902,767
	<u>1,036,876</u>	<u>–</u>	<u>1,036,876</u>
Net current assets	<u>1,587,915</u>	<u>296,541</u>	<u>1,884,456</u>
Total assets less current liabilities	<u>4,546,712</u>	<u>296,541</u>	<u>4,843,253</u>
Non-current liabilities			
Secured bank borrowings	635,059	–	635,059
Deferred tax liabilities	16,854	–	16,854
	<u>651,913</u>	<u>–</u>	<u>651,913</u>
	<u>3,894,799</u>	<u>296,541</u>	<u>4,191,340</u>

APPENDIX II UNAUDITED PROFORMA FINANCIAL INFORMATION OF THE GROUP UPON COMPLETION OF THE SPAS AND RIGHTS ISSUE

Notes:

1. The figures are extracted from the consolidated statement of financial position of the Group as at 31 March 2015, as set out in the published annual report of the Group for the year ended 31 March 2015.
2. The adjustment represents the estimated net proceeds to the Group from Easyknit Enterprises' rights issue of HK\$0.01 each at HK\$0.48 per rights share on the basis of twenty rights shares for every one adjusted share (the "Rights Issue"), of which gross proceeds of approximately HK\$209,065,000 payable by Easyknit International to Easyknit Enterprises on 435,553,040 rights shares pursuant to the Undertakings is not presented in the unaudited pro forma financial information of the Group as it is set off against the consideration receivable from Easyknit Enterprises for the disposal of the Target Companies pursuant to the SPAs. In addition, no pro forma adjustment is presented to illustrate the financial effect of the net amount of consideration receivable by Easyknit International from Easyknit Enterprises for the disposal of the Target Companies as it is assumed that Easyknit Enterprises remained as a subsidiary of Easyknit International as the Pro Forma Statement is prepared as if the disposal of the Target Companies had taken place on 31 March 2015 and hence such disposal was assumed to be an intra-group transaction which is eliminated in full in the unaudited pro forma financial information of the Group.

The estimated net proceeds, assuming Easyknit Enterprises were still a subsidiary of Easyknit International at the time of the Major Transaction, from the Rights Issue of HK\$296,541,000 is based on 627,884,880 rights shares to non-controlling interests of Easyknit Enterprises as at the Latest Practicable Date, after deducting the estimated transaction costs of the Rights Issue, comprising legal and professional fees of HK\$400,000 incurred/to be incurred by Easyknit International in relation to the Undertakings as well as HK\$4,444,000 incurred/to be incurred by Easyknit Enterprises in relation to the Rights Issue.

3. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2015.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION

Deloitte.
德勤

德勤•關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

TO THE DIRECTORS OF EASYKNIT INTERNATIONAL HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of 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 pro forma financial information consists of the unaudited pro forma statement of assets and liabilities of the Group as at 31 March 2015 and related notes as set out on pages II-1 to II-3 of the circular issued by the Company dated 9 September 2015 (the “Circular”). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages II-1 to II-3 of the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the disposal of the Target Companies to Easyknit Enterprises (the “Major Transaction”) on the Group’s assets and liabilities as at 31 March 2015 as if the Major Transaction had taken place at 31 March 2015. As part of this process, information about the Group’s assets and liabilities has been extracted by the Directors from the Group’s consolidated financial statements for the year ended 31 March 2015, on which an audit report has been published.

Directors’ Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the 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 (“HKICPA”).

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the 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 pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**APPENDIX II UNAUDITED PROFORMA FINANCIAL INFORMATION OF THE
GROUP UPON COMPLETION OF THE SPAS AND RIGHTS 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 accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the 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 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 pro forma financial information.

The purpose of 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 Major Transaction at 31 March 2015 would have been as presented.

A reasonable assurance engagement to report on whether the 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 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 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 pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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

**APPENDIX II UNAUDITED PROFORMA FINANCIAL INFORMATION OF THE
GROUP UPON COMPLETION OF THE SPAS AND RIGHTS ISSUE**

Opinion

In our opinion:

- (a) the 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 pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
9 September 2015

The following is the text of a letter and valuation certificates prepared for the purpose of incorporation in this circular received from DTZ Debeham Tie Leung (SEA) Pte Ltd, an independent valuer, in connection with their valuation of the Singapore Properties as at 21 July 2015.



DTZ Debeham Tie Leung (SEA) Pte Ltd

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Co Reg No: 199501391G

9 September 2015

The Directors
Easyknit International Holdings Limited
Easyknit Enterprises Holdings Limited
Block A, 7/F.,
Hong Kong Spinners Building, Phase 6
481-483 Castle Peak Road
Cheung Sha Wan, Kowloon
Hong Kong

Dear Sirs,

PROPERTY VALUATION FOR SINGAPORE PROPERTIES
IN SINGAPORE AS AT 21 JULY 2015

VALUATION REPORT FOR : GROW WELL PROFITS LIMITED

- 1. Purpose of Valuation** : To determine the current market value of the subject properties for public announcement.
- 2. Address of Property** : 15 Ardmore Park #04-03, #06-04 & #18-02
Ardmore Park
Singapore 259959
- 3. Date of Inspection** : Internal inspection was conducted by Jean Huang, a licensed appraiser with more than 5 years experiences, on 13 July 2015 (#06-04 and #18-02) and 21 July 2015 (#04-03).
- 4. Details of Property**
 - Type : 3 units of 4-bedroom apartments located on the 4th, 6th, and 18th storey of a 30-storey block within Ardmore Park, a condominium development.
 - Age : Approximately 14 years.
 - Condition : Good.
 - Orientation : The living area faces south-east (for #04-03 & #06-04) and north-west (for #18-02).

5. Title and Tenure

Unit No	Legal Description (Town Subdivison 25)	Strata Floor Area (sq.m.)	Share in Common Property
#04-03	U3594X	268.0	5/1,680
#06-04	U3568V	268.0	5/1,680
#18-02	U3635X	268.0	5/1,680

Tenure : Freehold.

Registered Proprietor : Grow Well Profits Limited.

Encumbrance : Nil.

6. Town Planning

Master Plan Zoning : Residential.
(2014 Edition)

7. The Subject Development

Ardmore Park is a condominium development located along Ardmore Park, off Scotts Road and approximately 6 km from the city centre at Raffles Place. The immediate locality is an exclusive and prestigious residential area comprising mainly condominium/apartment developments such as Juniper at Ardmore, The Claymore, Ardmore II and JC Draycott amongst many others. It is also in close proximity to both Orchard Road and Scotts Road, the prime shopping belt in Singapore where shopping centres such as Orchard Towers, Palais Renaissance, Shaw Centre, Ion Orchard and Far East Plaza are located. In addition, it is within walking distance to established clubs like The Tanglin Club and The American Club.

The subject development comprises a total of 324 units of apartment with a standard size of about 268 sq.m. and 6 penthouses with a standard size of about 812 sq.m. housed in three 30-storey blocks. Access to the upper storeys within each block is facilitated by lifts and staircases.

Facilities provided include landscape gardens, swimming pool, children's pool, jacuzzi, 2 tennis courts, putting green, children's playground, pavilion, function/multi-purpose rooms, gymnasium, changing rooms, water garden, koi pond, jogging track and fitness area and ample basement carpark. In addition, CCTV security system are installed at strategic locations within the development and an advanced electronic access system are also provided. Each apartment is provided with home security and audio-video intercom systems.

8. The Subject Property

The accommodation and finishes of the subject property are as follows:

Accommodation	Finishes	Others
#04-03		
Private lift foyer	marble slabs to floor and walls with false ceiling/downlights	–
Living/dining areas	marble flooring with false ceiling/downlights	built-in shelves
Balcony	marble flooring	–
Powder room	marble slabs to floor and walls with false ceiling/downlights	vanity top with low-level cabinets
Master bedroom	timber strip flooring with false ceiling/downlights	built-in wardrobes
Attached bathroom	marble slabs to floor and walls to false ceiling height	vanity top with low-level cabinets/shower enclosure/long bath
Bedrooms 2 & 3	timber strip flooring with false ceiling/downlights	built-in wardrobes
each with an Attached bathroom	marble slabs to floor and walls with false ceiling/downlights	vanity top with low-level cabinets/shower enclosure
Bedroom 4	timber strip flooring with false ceiling/downlights	built-in wardrobes
Attached bathroom	marble slabs to floor and walls with false ceiling/downlights	vanity top with low-level cabinets/long bath

Accommodation	Finishes	Others
Kitchen	homogeneous tiled floor and walls with false ceiling/ downlights	high/low-level kitchen cabinets with cooker hob/ hood/oven/sink/microwave oven/dishwasher
Yard	homogeneous tiled floor and walls with false ceiling/ downlights	sink support with low-level cabinets
Maid's room	homogeneous tile flooring with false ceiling/ downlights	built-in cabinets/bed and wall fan
Toilet	homogeneous tiled floor and walls with false ceiling/ downlights	–
Store	homogenous tile flooring with false ceiling/ downlights	built-in shelves
Others	–	ducted system/water-heaters
#06-04		
Private lift foyer	marble slabs to floor and walls with false ceiling/ downlights	–
Living/dining areas	marble flooring with false ceiling/downlights	built-in shelves
Balcony	marble flooring	–
Powder room	marble slabs to floor and walls with false ceiling/ downlights	vanity top with low-level cabinets
Master bedroom	timber strip flooring with false ceiling/downlights	built-in wardrobes
Attached bathroom	marble slabs to floor and walls to false ceiling height	vanity top with low-level cabinets/shower enclosure/long bath

Accommodation	Finishes	Others
Bedrooms 2 & 3	timber strip flooring with false ceiling/downlights	built-in wardrobes
each with an Attached bathroom	marble slabs to floor and walls with false ceiling/downlights	vanity top with low-level cabinets/shower enclosure
Bedroom 4	timber strip flooring with false ceiling/downlights	built-in wardrobes
Attached bathroom	marble slabs to floor and walls with false ceiling/downlights	vanity top with low-level cabinets/long bath
Kitchen	homogeneous tiled floor and walls with false ceiling/downlights	high/low-level kitchen cabinets with cooker hob/hood/oven/sink/microwave oven/dishwasher
Yard	homogeneous tiled floor and walls with false ceiling/downlights	sink support with low-level cabinets
Maid's room	homogeneous tile flooring with false ceiling/downlights	built-in cabinets/bed and wall fan
Toilet	homogeneous tiled floor and walls with false ceiling/downlights	–
Store	homogenous tile flooring with false ceiling/downlights	built-in shelves
Others	–	ducted system/water-heaters

Accommodation	Finishes	Others
#18-02		
Private lift foyer	marble slabs to floor and walls with false ceiling/downlights	–
Living/dining areas	marble flooring with false ceiling/downlights	built-in shelves
Balcony	marble flooring	–
Powder room	marble slabs to floor and walls with false ceiling/downlights	vanity top with low-level cabinets
Master bedroom	timber strip flooring with false ceiling/downlights	built-in wardrobes
Attached bathroom	marble slabs to floor and walls to false ceiling height	vanity top with low-level cabinets/shower enclosure/long bath
Bedrooms 2 & 3	timber strip flooring with false ceiling/downlights	built-in wardrobes
each with an Attached bathroom	marble slabs to floor and walls with false ceiling/downlights	vanity top with low-level cabinets/shower enclosure
Bedroom 4	timber strip flooring with false ceiling/downlights	built-in wardrobes
Attached bathroom	marble slabs to floor and walls with false ceiling/downlights	vanity top with low-level cabinets/long bath
Kitchen	homogeneous tiled floor and walls with false ceiling/downlights	high/low-level kitchen cabinets with cooker hob/hood/oven/sink/microwave oven/dishwasher
Yard	homogeneous tiled floor and walls with false ceiling/downlights	sink support with low-level cabinets

Accommodation	Finishes	Others
Maid's room	homogeneous tile flooring with false ceiling/ downlights	built-in cabinets/bed and wall fan
Toilet	homogeneous tiled floor and walls with false ceiling/ downlights	–
Store	homogenous tile flooring with false ceiling/ downlights	built-in shelves
Others	–	ducted system/water-heaters

9. **Tenancy Details** : We were informed that the subject properties are currently tenanted. The tenancy details are as follows:

Unit No.	Commencement Date	Tenancy Period	Monthly Gross Rental
#04-03	1/06/2015	2 years	S\$16,000/–
#06-04	25/07/2014	2 years	S\$17,000/–
#18-02	01/12/2013	2 years	S\$17,000/–

10. **Other Details** : Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm whether the subject properties are affected by any public schemes such as road improvements. If assurance is required, we recommend that verification be obtained from your lawyers.

11. **Basis of Valuation** : Our opinion of the market value of the subject properties in their existing continued use is arrived at by direct comparison with recent transactions of comparable properties within the vicinity. Necessary adjustments have been made for differences in location, tenure, size, shape, design and layout, age and condition of buildings, availability of facilities, dates of transactions and the prevailing market conditions amongst other factors affecting its value.

12. Valuation

Having regard to all relevant information, we are of the opinion that the current market value of the subject properties, free from all encumbrances, are as follows:

Unit No	Current Market Value
#04-03	S\$7,850,000/-
#06-04	S\$7,900,000/-
#18-02	S\$8,300,000/-
Total	S\$24,050,000/-

(Singapore Dollars Twenty-Four Million And Fifty Thousand)

for and on behalf of
DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD

Nicholas Cheng

Executive Director

Valuation Advisory Services

BSc (Est Mgt) MSISV

(Appraiser's Licence No: AD041-2004055B)

for and on behalf of
DTZ DEBENHAM TIE LEUNG (SEA) PTE LTD

Jean Huang

Manager (Special Projects)

Valuation Advisory Services

BSc (Land Mgt) Hons MSISV

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9 September 2015

The Directors
Easyknit International Holdings Limited
Easyknit Enterprises Holdings Limited
Block A, 7/F.,
Hong Kong Spinners Building, Phase 6
481-483 Castle Peak Road
Cheung Sha Wan
Kowloon, Hong Kong

Dear Sirs

**PROPERTY VALUATION FOR VARIOUS PROPERTIES
IN HONG KONG AS AT 30 JUNE 2015**

In accordance with the instructions from Easyknit Enterprises Holdings Limited (the “Company”) for us to value the Properties which are to be acquired by the Company and its subsidiaries (hereinafter collectively referred to as the “Group”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Properties as at 30 June 2015 (“Valuation Date”) for the purpose of disclosure in a public circular.

DEFINITION OF MARKET VALUE

In arriving at our opinion of market value, we have followed the HKIS Valuation Standards (2012 Edition) issued by the Hong Kong Institute of Surveyors (HKIS). Under the said standards, Market Value is defined as:–

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.”

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of an asset or liability is also estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

In undertaking the valuation, we have regarded the requirements contained in the HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board).

VALUATION METHODOLOGY

As advised by the Company, the Properties are currently held for investment purpose and our valuation is prepared by “Direct Comparison Approach” with reference to sales evidence as available in the market.

VALUATION ASSUMPTIONS AND CONDITIONS

Our valuation is subject to the following assumptions and conditions:

Title Documents and Encumbrances

We have taken reasonable care to investigate the title of the Properties by obtaining sample land search records from the Land Registry. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We however do not accept a liability for any interpretation which we have placed on such information that is more properly the sphere of your legal advisers. We have also assumed in our valuation that the Properties were free from encumbrances, restrictions, title defects and outgoings of an onerous nature that could affect their values, unless stated otherwise as at the Valuation Date.

Disposal Costs and Liabilities

No allowance has been made in our report for any charges, mortgages or amounts owing on any properties nor for any expenses or taxation which may be incurred in effecting a sale.

Source of Information

We have relied to a very considerable extent on information provided by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupancies, incomes, floor areas and all other relevant matters. We have not verified the correctness of any information, including their translation supplied to us

concerning the Properties, whether in writing or verbally by yourselves, your representatives or by your legal or professional advisers or by any (or any apparent) occupier of the Property or contained on the register of title. We assume that this information is complete and correct.

Inspection

We inspected the external of the Properties in July 2015. The inspection was undertaken by our Mr Colin Tang, the Manager and our Mr Ricky Chow, the Assistant Manager of General Valuation Department. Nevertheless, we have assumed in our valuation that the Properties were in satisfactory exterior and interior decorative order without any unauthorised extensions or structural alterations as at the Valuation Date.

Identity of Property to be valued

We exercised reasonable care and skill (but will not have an absolute obligation to you) to ensure that the Properties, identified by the property addresses in your instructions, are the properties inspected by us and contained within our valuation report. If there is ambiguity as to the property addresses, or the extent of the properties to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

Property Insurance

We have valued the Properties on the assumption that, in all respects, it is insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

Areas and Age

As instructed, we have relied upon areas as available from a quoted source. Otherwise, dimensions and areas would be measured on-site or from plans and calculated in accordance with, where appropriate, the current HKIS Code of Measuring Practice and are quoted to a reasonable approximation, with reference to their source.

We have also assumed that the site areas, floor areas, measurements and dimensions shown on the documents handed to us are correct and in approximations only. Where the age of the building is estimated, this is for guidance only.

Structural and Services Condition

We were not instructed to undertake any structural surveys, test the services or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the Properties. Our valuation has therefore been undertaken on the basis that the Properties were in satisfactory repair and condition and contains no deleterious materials and that services function satisfactorily.

Ground Condition

We have assumed there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the site of the Properties are sufficient to support the building constructed or to be constructed thereon; and that the services are suitable for any existing or future development. Our valuation is therefore prepared on the basis that no extraordinary expenses or delays will be incurred in this respect.

Environmental Issues

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Properties are unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

Compliance with Relevant Ordinances and Regulations

We have assumed that the Properties valued had been constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the Properties upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorisation have been obtained, except only where otherwise stated.

We herein enclose our summary of valuation and the valuation.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited
Thomas H M Lam
FRICS MHKIS MCIREA MHKSI RPS(GP) RICS
Registered Valuer
*Senior Director, Head of Valuation &
Consultancy*

Yours faithfully
For and on behalf of
Knight Frank Petty Limited
Catherine Cheung
MRICS MHKIS RPS(GP)
Director, General Valuation

Notes: Thomas H M Lam is a Chartered Surveyor who has extensive experiences in market research, valuation and consultancy in China, Hong Kong, Macau and Asia Pacific region (ex-Japan).

Catherine Cheung, MRICS MHKIS RPS(GP), has been a qualified valuer with Knight Frank since 1992 and has over 20 years' experience in the valuation of properties in Hong Kong.

SUMMARY OF VALUATION

Property	Market value in existing state as at 30 June 2015
1. 2nd Floor of Nos 790, 792 and 794 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon	HK\$11,680,000
2. 6th Floor of Nos 650-652 Castle Peak Road and No 18A Wing Hong Street, Cheung Sha Wan, Kowloon	HK\$29,800,000
3. House 9 (including garden, carport, flat roof & roof), Villa Castell, No 20 Yau King Lane, Tai Po, New Territories	HK\$14,900,000
4. Workshop Space B on 1st Floor, Fung Wah Factorial Building, Nos 646, 648, 648A Castle Peak Road, Cheung Sha Wan, Kowloon	HK\$6,880,000
5. Units 1 & 2 on 7th Floor of Block D and Car Parking Space No 46 on Lower Ground Floor, Shatin Heights, No 8003 Tai Po Road, Shatin, New Territories	HK\$14,400,000
6. Roof, No 20 Wing Hong Street, Cheung Sha Wan, Kowloon	HK\$970,000

Property	Market value in existing state as at 30 June 2015
7. 5th Floor, No 20 Wing Hong Street, Cheung Sha Wan, Kowloon.	HK\$11,300,000
8. 3rd Floor, No 161 Wong Nai Chung Road, Happy Valley, Hong Kong.	HK\$12,300,000
Total:	HK\$102,230,000 (Hong Kong Dollars One Hundred Two Million Two Hundred and Thirty Thousand)

VALUATION

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2015
1. 2nd Floor of Nos 790, 792 and 794 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon	The Property comprises three industrial units on the 2nd Floor of three contiguous 7-storey industrial buildings completed in about 1959 and situated in Cheung Sha Wan where the locality comprises mainly medium/high-rise industrial and commercial building.	As advised by the Company, as at the Valuation Date, the Property was subject to a tenancy for a term of 2 years commencing from 1 December 2013 at a monthly rent of HK\$32,000 inclusive of rates and management fees.	HK\$11,680,000
1/7th share of and in The Remaining Portion of Sub-section 4 of Section B of New Kowloon Inland Lot No 3516, Subsection C of Sub-section 4 of Section B of New Kowloon Inland Lot No 3516 and Subsection D of Sub-section 4 of Section B of New Kowloon Inland Lot No 3516	The Property has a total saleable area of 278.42 sq m (2,997 sq ft) approximately. The Property is held under Conditions of Sale No 4268 for a term expired on 30 June 1997 and has been statutorily extended until 30 June 2047. The annual Government rent payable for the Property is an amount equal to 3 per cent of the then rateable value of the Property.		

Notes:

- (1) The registered owner of the Property was Janson Properties Limited as at the Valuation Date.
- (2) As at the Valuation Date, the Property was subject to the following encumbrances as per the land search records:–
 - i. Deed of Mutual Covenant vide memorial no UB300043 dated 20 June 1959 (Re: for 2/F of No 790 Cheung Sha Wan Road only).
 - ii. Deed of Mutual Covenant vide memorial no UB300042 dated 20 June 1959 (Re: for 2/F of No 792 Cheung Sha Wan Road only).
 - iii. Deed of Mutual Covenant vide memorial no UB300530 dated 20 June 1959 (Re: for 2/F of No 794 Cheung Sha Wan Road only).
 - iv. Waiver Letter from the Government of the Hong Kong Special Administrative Region by the District Lands Officer/Kowloon West vide Memorial No 10070601390017 dated 30 June 2010, which permits a portion of the premises on 2/F of Nos 792 and No 794 having an area not exceeding 143.09 sq m (1,540 sq ft) or thereabouts for the purpose of a canteen for the lifetime of the existing buildings.
- (3) The Property was situated within an area zoned for “Other Specified Uses (Business)” uses under the approved Cheung Sha Wan Outline Zoning Plan No S/K5/35 dated 17 December 2013 as at the Valuation Date.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2015
2. 6th Floor of Nos 650-652 Castle Peak Road and No 18A Wing Hong Street, Cheung Sha Wan, Kowloon	The Property comprises the whole of the 6th Floor of a 9-storey industrial building completed in about 1961 and situated in Cheung Sha Wan where the locality comprises mainly medium/high-rise industrial and commercial building.	As advised by the Company, as at the Valuation Date, the Property was subject to a tenancy for a term of 2 years commencing from 16 August 2013 at a monthly rent of HK\$100,000 inclusive of rates and management fees.	HK\$29,800,000
4/40th shares of and in Section B of New Kowloon Inland Lot No 1750	The Property has a saleable area of 790.97 sq m (8,514 sq ft) approximately. The Property is held under a Government Lease for a term expired on 30 June 1997 and has been statutorily extended until 30 June 2047. The annual Government rent payable for the Property is an amount equal to 3 per cent of the then rateable value of the Property.		

Notes:

- (1) The registered owner of the Property was Golden Top Properties Limited as at the Valuation Date.
- (2) As at the Valuation Date, the Property was subject to the following encumbrances as per the land search records:–
 - i. Letter by Registrar General (Land Office) approving on certain conditions the modification of Crown Lease vide Memorial No UB300027 dated 7 July 1959.
 - ii. Deed of Covenant vide memorial no UB344480 dated 12 June 1961.
- (3) The Property was situated within an area zoned for “Other Specified Uses (Business)” uses under the approved Cheung Sha Wan Outline Zoning Plan No S/K5/35 dated 17 December 2013 as at the Valuation Date.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2015															
3. House 9 (including garden, carport, flat roof & roof), Villa Castell, No 20 Yau King Lane, Tai Po, New Territories 45/3,050th shares of and in Tai Po Town Lot No 96	<p>The Property comprises a 3-storey semi-detached house within a private low-density residential development namely Villa Castell which was completed in 1992. The locality is predominated by low and medium rise residential developments.</p> <p>As per the developer's sales brochure, the Property has a gross floor area of 219.06 sq m (2,358 sq ft) or saleable area of 148.55 sq m (1,599 sq ft) or thereabout with the ancillary accommodations shown as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th><i>sq m</i></th> <th><i>sq ft</i></th> </tr> </thead> <tbody> <tr> <td>Carport</td> <td>54.44</td> <td>586</td> </tr> <tr> <td>Garden</td> <td>101.08</td> <td>1,088</td> </tr> <tr> <td>Roof</td> <td>26.38</td> <td>284</td> </tr> <tr> <td>Flat Roof</td> <td>2.51</td> <td>27</td> </tr> </tbody> </table> <p>The Property is held under New Grant No TP12439 for a term from 15 September 1988 to 30 June 2047.</p> <p>The annual Government rent payable for the Property is an amount equal to 3 per cent of the then rateable value of the Property.</p>		<i>sq m</i>	<i>sq ft</i>	Carport	54.44	586	Garden	101.08	1,088	Roof	26.38	284	Flat Roof	2.51	27	As advised by the Company, as at the Valuation Date, the Property was subject to a tenancy for a term of 2 years commencing from 23 December 2013 at a monthly rent of HK\$30,000 inclusive of rates and management fees.	HK\$14,900,000
	<i>sq m</i>	<i>sq ft</i>																
Carport	54.44	586																
Garden	101.08	1,088																
Roof	26.38	284																
Flat Roof	2.51	27																

Notes:

- (1) The registered owner of the Property was Goldchamp International Limited as at the Valuation Date.
- (2) As at the Valuation Date, the Property was subject to the following encumbrances as per the land search records:–
 - i. Modification Letter vide Memorial No TP319707 dated 7 February 1990.
 - ii. Modification Letter vide Memorial No TP356004 dated 6 February 1991.
 - iii. Permit to occupy a new building vide Memorial No TP399692 dated 2 July 1992.
 - iv. Letter of Compliance vide Memorial No TP399805 dated 11 August 1992.
 - v. Deed of Mutual Covenant vide Memorial No TP401571 dated 18 August 1992.
- (3) The Property was situated within an area zoned for “Residential (Group C)” uses under the draft Tai Po Outline Zoning Plan No S/TP/25 exhibited on 11 April 2014 as at the Valuation Date.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2015
4. Workshop Space B on 1st Floor, Fung Wah Factorial Building, Nos 646, 648, 648A Castle Peak Road, Cheung Sha Wan, Kowloon	The Property comprises a workshop unit on the 1st Floor of a 7-storey industrial building completed in 1970 and situated in Cheung Sha Wan where the locality comprises mainly medium/high-rise industrial and commercial building.	As advised by the Company, as at the Valuation Date, the Property was subject to a tenancy for a term of 2 years from 16 October 2013 at a monthly rent of HK\$13,000 inclusive of rates and management fees.	HK\$6,880,000
2/60th shares of and in the Remaining Portion of Section A of New Kowloon Inland Lot No 2213, Section D of New Kowloon Inland Lot No 2213, the Remaining Portion of New Kowloon Inland Lot No 2213 and Section E of New Kowloon Inland Lot No 2213	The Property has a saleable area of 178.09 sq m (1,917 sq ft) approximately. The Property is held under a Government Lease for a term expired on 30 June 1997 and has been statutorily extended until 30 June 2047. The annual Government rent payable for the Property is an amount equal to 3 per cent of the then rateable value of the Property.		

Notes:

- (1) The registered owner of the Property was Goldchamp International Limited as at the Valuation Date.
- (2) As at the Valuation Date, the Property was subject to the following encumbrances as per the land search records:–
 - i. Deed of Covenant vide Memorial No UB751468 dated 6 July 1970.
 - ii. Sealed copy judgment under DCCJ 1459/2014 (Re: the part in green or any part thereof as per the Ground Floor plan annexed in the instrument) vide Memorial No 14090800830013 dated 22 July 2014.
- (3) The Property was situated within an area zoned for “Other Specified Uses (Business)” uses under the approved Cheung Sha Wan Outline Zoning Plan No S/K5/35 dated 17 December 2013 as at the Valuation Date.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2015
5. Units 1 & 2 on 7th Floor of Block D and Car Parking Space No 46 on Lower Ground Floor, Shatin Heights, No 8003 Tai Po Road, Shatin, New Territories 47/2,950th shares of and in Lot No 1510 in Demarcation District No 189	<p>The Property comprises an enlarged residential unit on the 7th Floor of Block D of a private residential development namely Shatin Heights which comprises a total of eight 8-storey apartment blocks together with car parking spaces provided on the Lower Ground Floor. The development was completed in 1983. The locality is predominated by low and medium rise residential developments.</p> <p>The Property has a total gross floor area of approximately 223.71 sq m (2,408 sq ft) as per the developer's sales brochure.</p> <p>The Property is held under New Grant No 9988 for a term expired on 30 June 1997 and has been statutorily extended until 30 June 2047.</p> <p>The annual Government rent payable for the Property is an amount equal to 3 per cent of the then rateable value of the Property.</p>	As advised by the Company, as at the Valuation Date, the Property was subject to a tenancy for a term expiring on 22 December 2015 at a monthly rent of HK\$24,000 inclusive of rates and management fees.	HK\$14,400,000

Notes:

- (1) The registered owner of the Property was Goldchamp International Limited as at the Valuation Date.
- (2) As at the Valuation Date, the Property was subject to the following encumbrances as per the land search records:–
 - i. Modification Letters vide vide Memorial No ST169222 dated 11 October 1971.
 - ii. Modification Letters vide vide Memorial No ST227638 dated 1 February 1983.
 - iii. Modification Letters vide vide Memorial No ST232236 dated 10 June 1983.
 - iv. Deed of Mutual Covenant vide Memorial No ST245278 dated 25 November 1983.
 - v. Letter (Certificate of Compliance) from District Office, Sha Tin vide Memorial No ST267075 dated 19 November 1981.
 - vi. Waiver Letter from District Lands Officer, Sha Tin vide Memorial No ST274988 dated 10 December 1984
 - vii. Notice No WNZ/U24-21/0012/05 issued by the Building Authority under Section 24c(1) of the Buildings Ordinance vide Memorial No 10083102160101 dated 23 October 2009 (Re: Car parking space only).
- (3) The Property was situated within an area zoned for “Residential (Group B)” uses under the draft Sha Tin Outline Zoning Plan No S/ST/31 exhibited on 17 April 2015 as at the Valuation Date.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2015
6. Roof, No 20 Wing Hong Street, Cheung Sha Wan, Kowloon 1/25th share of and in Section B of New Kowloon Inland Lot No 2213	<p>The Property comprises the open roof of a 6-storey industrial building completed in about 1965 and situated in Cheung Sha Wan where the locality comprises mainly medium/high-rise industrial and commercial building.</p> <p>The Property has an area of approximately 270.34 sq m (2,910 sq ft).</p> <p>The Property is held under a Government Lease for a term expired on 30 June 1997 and has been statutorily extended until 30 June 2047.</p> <p>The annual Government rent payable for the Property is an amount equal to 3 per cent of the then rateable value of the Property.</p>	As advised by the Company, as at the Valuation Date, the Property together with the 5th Floor of the building was subject to a tenancy for a term of 3 years commencing from 1 June 2013 at a monthly rent of HK\$36,000 inclusive of rates and management fees.	HK\$970,000

Notes:

- (1) The registered owner of the Property was Goldchamp International Limited as at the Valuation Date.
- (2) As at the Valuation Date, the Property was subject to the following encumbrances as per the land search records:–
 - i. Deed of Mutual Covenant vide Memorial No UB472966 dated 11 January 1965.
 - ii. Notice No WNZ/U03-36/0001/05 issued by the Building Authority under Section 24c(1) of the Buildings Ordinance vide Memorial No 08071101000031 dated 21 July 2007.
- (3) The Property was situated within an area zoned for “Other Specified Uses (Business)” uses under the approved Cheung Sha Wan Outline Zoning Plan No S/K5/35 dated 17 December 2013 as at the Valuation Date.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2015
7. 5th Floor, No 20 Wing Hong Street, Cheung Sha Wan, Kowloon 4/25th shares of and in Section B of New Kowloon Inland Lot No 2213	<p>The Property comprises the whole of industrial floor on the 5th Floor of a 6-storey industrial building completed in about 1965 and situated in Cheung Sha Wan where the locality comprises mainly medium/high-rise industrial and commercial building.</p> <p>The Property has a saleable area of approximately 316.05 sq m (3,402 sq ft).</p> <p>The Property is held under a Government Lease for a term expired on 30 June 1997 and has been statutorily extended until 30 June 2047.</p> <p>The annual Government rent payable for the Property is an amount equal to 3 per cent of the then rateable value of the Property.</p>	As advised by the Company, as at the Valuation Date, the Property together with the Roof of the building was subject to a tenancy for a term of 3 years commencing from 1 June 2013 at a monthly rent of HK\$36,000 inclusive of rates and management fees.	HK\$11,300,000

Notes:

- (1) The registered owner of the Property was Goldchamp International Limited as at the Valuation Date.
- (2) As at the Valuation Date, the Property was subject to the following encumbrance as per the land search records:–
 - i. Deed of Mutual Covenant vide Memorial No UB472966 dated 11 January 1965.
- (3) The Property was situated within an area zoned for “Other Specified Uses (Business)” uses under the approved Cheung Sha Wan Outline Zoning Plan No S/K5/35 dated 17 December 2013 as at the Valuation Date.

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2015
8. 3rd Floor, No 161 Wong Nai Chung Road, Happy Valley, Hong Kong 1/11th share of and in Inland Lot No 4384	<p>The Property comprises a residential unit on the 3rd Floor of a 10-storey composite building completed in 1958. The locality is predominated by tenement buildings with recreational and community facilities located nearby including Happy Valley Recreation Ground.</p> <p>The Property has a saleable area of approximately 72.60 sq m (781 sq ft).</p> <p>The Property is held under a Government Lease for a term of 75 years from 6 November 1899 and renewed for a further term of 75 years.</p> <p>The Government rent payable for the Property is HK\$486 per annum.</p>	As advised by the Company, as at the Valuation Date, the Property was subject to a tenancy for a term of 2 years commencing from 8 March 2015 at a monthly rent of HK\$32,000 exclusive of rates but inclusive of management fees.	HK\$12,300,000

Notes:

- (1) The registered owner of the Property was Goldchamp International Limited as at the Valuation Date.
- (2) As at the Valuation Date, the Property was subject to the following encumbrance as per the land search records:–
 - i. Deed of Covenant vide Memorial No UB289866 dated 28 January 1959.
- (3) The Property was situated within an area zoned for “Residential (Group A)” uses under the approved Wong Nai Chung Outline Zoning Plan No S/H7/17 exhibited on 8 July 2014 as at the Valuation Date.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(a) Directors' interests in Shares

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

(i) Interests in the Company

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

Notes:

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

- (ii) 17,429,664 Shares are beneficially owned by Sea Rejoice Limited which is wholly-owned by Ms. Lui Yuk Chu.
- (iii) Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and an executive Director, is deemed to be interested in the Shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.

(ii) Interests in the associated corporation

Easyknit Enterprises

Number of director	Capacity	Number of ordinary shares held (long position)	Number of underlying shares held	Total	Approximate percentage of interests
Ms. Lui Yuk Chu	Beneficiary of a trust <i>(Note iv)</i>	217,776,531	1,877,934	219,654,465	41.31%
Ms. Koon Ho Yan Candy	Beneficiary of a trust <i>(Note v)</i>	217,776,531	1,877,934	219,654,465	41.31%

Notes:

- (iv) In the 217,776,531 shares of Easyknit Enterprises, 44,547,384 shares of Easyknit Enterprises and 173,229,147 shares of Easyknit Enterprises 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. Goodco Development Limited is also interested in 1,877,934 underlying shares of Easyknit Enterprises (subject to adjustment) to be issued upon the full conversion of the 2014 Convertible Note. Sea Rejoice Limited is interested in approximately 21.95% of the issued share capital of the Company and is wholly-owned by Ms. Lui Yuk Chu. Magical Profits Limited is interested in approximately 36.74% of the issued share capital of the Company and is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by Winterbotham Trust as trustee of The Magical 2000 Trust (the beneficiaries of which included Ms. Lui Yuk Chu and her family members other than her spouse).
- (v) Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and an executive Director, is deemed to be interested in the shares of Easyknit Enterprises by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.

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

(b) Substantial Shareholders' Interests

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

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

Notes:

- (i) Out of 46,609,144 Shares, 17,429,664 Shares are beneficially owned by Sea Rejoice Limited which is wholly-owned by Ms. Lui Yuk Chu. The remaining 29,179,480 Shares are registered in the name of and are beneficially owned by Magical Profits Limited, which is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by Winterbotham Trust as trustee of The Magical 2000 Trust (the beneficiaries of which included Ms. Lui Yuk Chu, an executive Director, and her family members other than her spouse). Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and an executive Director, is deemed to be interested in the 29,179,480 Shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust. Mr. Koon Wing Yee, being the spouse of Ms. Lui Yuk Chu, is deemed to be interested in the 46,609,144 Shares by virtue of the SFO.
- (ii) Ms. Lui Yuk Chu, being an executive Director, is also a director of Sea Rejoice Limited and Magical Profits Limited.
- (iii) Winterbotham Trust is the trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members other than her spouse). Winterbotham Trust is owned as to 75% by Winterbotham Holdings Limited (“Winterbotham Holdings”) and 25% by Markson International Holdings Limited (“Markson”) respectively. Winterbotham Holdings is owned as to approximately 99.99% by Mr. Christopher Geoffrey Douglas Hooper. And Markson is owned as to 60% by Mr. Christopher Geoffrey Douglas Hooper and 40% by Mr. Ivan Geoffrey Douglas Hooper respectively.

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

3. LITIGATION

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

4. DIRECTORS' SERVICE CONTRACTS

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

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

6. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

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 2015 (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.

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) 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;
- (b) the underwriting agreement dated 3 October 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 a rights issue of 247,163,250 rights shares of Easyknit Enterprises at the subscription price of HK\$0.60 per rights share;
- (c) 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 initial conversion price of HK\$0.68 per share (subject to adjustment);
- (d) 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 of Easyknit Enterprises at a placing price of HK\$0.35 per share;
- (e) the development agreement dated 16 June 2014 entered into between Wise Think Global Limited and Hansford International Investment Limited, a wholly-owned subsidiary of the Company to redevelop the Kowloon Inland Lot No. 2320;
- (f) the placing agreement dated 11 August 2014 entered into between Easyknit Enterprises and Get Nice Securities Limited, as the placing agent, to place 78,000,000 new shares of Easyknit Enterprises at a placing price of HK\$0.30 per share;
- (g) the underwriting agreement dated 5 September 2014 entered into between Easyknit Enterprises and Get Nice Securities Limited, as the underwriter, in relation to the underwriting and certain other arrangements in respect of a rights issue of 450,132,472 rights shares of Easyknit Enterprises at the subscription price of HK\$0.70 per right share;
- (h) the underwriting agreement dated 2 February 2015 entered into between Easyknit Enterprises and Get Nice Securities Limited, as the underwriter, in relation to the underwriting and certain other arrangements in respect of a rights issue of 506,399,020 rights shares at the subscription price of HK\$0.65 per rights share;

- (i) the facility letter dated 26 May 2015 entered into between Cherry Sky Investments Limited, a wholly-owned subsidiary of Easyknit Enterprises, as a lender, and an independent third party to lend up to HK\$70,000,000 for a period of 12 months. The borrower shall pay interest to the lender on the loan at the rate of 8% per annum. The loan is secured by share charges and personal guarantee;
- (j) the subscription agreement dated 29 May 2015 entered into between Easyknit Enterprises and an independent third party, as the subscriber, agreed to subscribe a convertible note issued by Easyknit Enterprises in the aggregate principal amount of HK\$86,000,000 which may be converted into 101,176,470 shares of Easyknit Enterprises at the initial conversion price of HK\$0.85 per share (subject to adjustment); and
- (k) the loan agreement dated 10 June 2015 entered into between the Group as lender with an independent third party to lend HK\$185,000,000 for a period of twelve months. The borrower shall pay interest to the lender on the loan at the rate of 17% per annum. The loan is secured by share charges and personal guarantees,

8. 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 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.
- (d) The English text of this circular prevails over the Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company containing audited consolidated financial statements of the Company for the three years ended 31 March 2013 and 2014 and 2015;

- (c) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (d) a copy of each circular issued pursuant to the requirements set out in Chapter 14 and/or 14A of the Listing Rules which has been issued since the date of the latest published audited accounts; and
- (e) this circular.