
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your 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****AGGREGATE PURCHASE OF
EQUITY LINKED NOTES OF
PING AN INSURANCE (GROUP) CO. OF CHINA LIMITED**

1 June 2016

* *for identification purposes only*

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	3
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II – UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP	II-1
APPENDIX III – GENERAL INFORMATION	III-1

DEFINITIONS

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

“1st Transaction”	the purchase by the Group an ELN of PAI for a principal amount of HK\$40,000,000 as mentioned in the Company’s announcement dated 16 September 2015
“2nd Transaction”	the purchase by the Group, through its wholly-owned subsidiary, an ELN of PAI for a principal amount of HK\$29,000,000 on 3 May 2016
“3rd Transaction”	the purchase by the Group, through its wholly-owned subsidiary, an ELN of PAI for principal amount of HK\$50,000,000 on 5 May 2016
“1st ELN”	an equity linked note dated 16 September 2015 issued by BNP Paribas to Ace Winner
“2nd ELN”	an equity linked note dated 3 May 2016 issued by Hang Seng Bank Limited to Ace Winner
“3rd ELN”	an equity linked note dated 5 May 2016 issued by J.P. Morgan Structured Products B.V. to Ace Winner
“Ace Winner”	Ace Winner Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Acquisitions”	the aggregate of 2nd Transaction and 3rd Transaction
“Aggregate Acquisitions”	the aggregate transactions of 1st Transaction, 2nd Transaction and 3rd Transaction
“Announcements”	the Company’s announcements dated 16 September 2015 and 11 May 2016.
“Board”	the board of Directors
“Company”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	31 May 2016, being the latest practicable date prior to the printing of the circular for ascertaining information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“major transaction”	as defined in the Listing Rules
“PAI”	Ping An Insurance (Group) Co. of China Limited, the shares of which are listed on the main board of Stock Exchange (stock code: 2318)
“PAI Share(s)”	overseas listed foreign shares of RMB1.00 each in the share capital of PAI which are listed on the Stock Exchange and traded in Hong Kong dollars
“percentage ratios”	as defined in the Listing Rules
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

LETTER FROM THE BOARD



EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1218)

Executive Directors:

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

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Directors:

Mr. Tse Wing Chiu Ricky
Mr. Lai Law Kau

*Head office and principal place of
business in Hong Kong*

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

Independent Non-executive Directors:

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

1 June 2016

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

AGGREGATE PURCHASE OF EQUITY LINKED NOTES OF PING ON INSURANCE (GROUP) CO. OF CHINA LIMITED

INTRODUCTION

Reference was made to the Announcements. The Group, through its wholly-owned subsidiary, purchased 3 ELNs of PAI for an aggregate principal amount of HK\$119,000,000 during the period from 14 September 2015 to 5 May 2016.

* for identification purposes only

LETTER FROM THE BOARD

AGGREGATE ACQUISITIONS

(1) Major Terms of ELN of the 1st Transaction

1.	Trade Date:	14 September 2015
2.	Issuer:	BNP Paribas
3.	Linked equity:	PAI
4.	Principal amount:	HK\$40,000,000
5.	Issue price:	HK\$38.25
6.	Strike price:	HK\$32.065
7.	Tenor:	2 months
8.	1st observation date:	29 October 2015
9.	2nd observation date:	30 November 2015
10.	Coupon rate:	15% per annum

Since the closing share price of PAI on the 1st observation date was HK\$43.60 which was higher than the strike price of the 1st ELN, therefore the Group received the full face value of the ELN (ie. HK\$40,000,000) and the coupon interest of HK\$500,000 on 5 November 2015.

(2) Major Terms of ELN of the 2nd Transaction

1.	Trade date:	3 May 2016
2.	Issuer:	Hang Seng Bank Limited
3.	Linked equity:	PAI
4.	Principal amount:	HK\$29,000,000
5.	Issue price:	HK\$36.00
6.	Strike price:	HK\$32.0832
7.	Tenor:	2 months
8.	1st Observation date:	17 June 2016
9.	2nd Observation date:	18 July 2016
10.	Coupon rate:	15.12% per annum

(3) Major Terms of ELN of the 3rd Transaction

1.	Trade Date:	5 May 2016
2.	Issuer:	J.P. Morgan Structured Products B.V.
3.	Linked equity:	PAI
4.	Principal amount:	HK\$50,000,000
5.	Issue price:	HK\$35.50
6.	Strike price:	HK\$31.6980
7.	Tenor:	2 months
8.	1st Observation date:	20 June 2016
9.	2nd Observation date:	19 July 2016
10.	Coupon rate:	15.12% per annum

ELNs are designated as financial assets at fair value gain through profit or loss. The ELN is subject to mandatory redemption clause at a strike price until maturity dates depending on the market price of the PAI Share underlying the ELN.

LETTER FROM THE BOARD

ELN has two payoff possibilities of which the Company shall receive the full face value of the ELN and the coupon on the fixing date (i.e. 1st observation date and/or 2nd observation date) if the underlying stock price closes at or above the strike price of the embedded option. Conversely if the underlying stock price closes below the strike price of the embedded option, the Company will be obliged to take delivery of the underlying shares at the strike price. The number of shares to be received on maturity is calculated by dividing the ELN's full face value by the strike price of the embedded put option.

The maximum risk exposure of the Company is at the time when the Company is obliged to take delivery of the underlying shares at the strike price, and the total amount of the funds for the acquisition of the underlying shares is limited to the principal amount of the ELN.

Principal Amount of the Acquisitions and the Aggregate Acquisitions

The aggregate principal amount of Acquisitions and Aggregate Acquisitions are HK\$79,000,000 and HK\$119,000,000 respectively and both have been paid and satisfied in cash from internal resources of the Company.

REASONS AND BENEFITS OF THE PURCHASE OF ELN

The Group's principal activities are property investment, property development, securities investment and money lending business.

The Directors has a view that ELN is one of the investment options that can earn potentially higher interest income (in the form of interest rates) than normal market deposit; and ELN does not have any brokerage charges and clearing fees on the purchase of the underlying shares until the time when the underlying shares are delivered. By capitalising on share movements, it is an opportunity to maximise market opportunities by earning more attractive interest rate, moreover, ELN has a flexible choice in terms of the share counters and tenors.

Having considered the above factors and the terms of ELN, the present market conditions of the stock market and the track record of PAI, the Directors (including the independent non-executive Directors) are of the view that the Aggregate Acquisitions is fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

FINANCIAL EFFECTS ON THE GROUP

Total assets

As at 30 September 2015, the unaudited total assets of the Group were approximately HK\$4,283.7 million. Assuming completion of the 2nd Transaction and 3rd Transaction took place on 30 September 2015, the unaudited pro forma total assets of the Group would be approximately HK\$4,283.4 million as set out in Appendix II to this circular.

LETTER FROM THE BOARD

Total Liabilities

As at 30 September 2015, the unaudited total liabilities of the Group were approximately HK\$1,123.3 million. Assuming completion of the 2nd Transaction and 3rd Transaction took place on 30 September 2015, the unaudited pro forma total liabilities of the Group would not be affected as set out in Appendix II to this circular.

Earnings

In view of the payment of direct expenses of approximately HK\$270,000, the earnings of the Group would be decreased by approximately HK\$270,000 as set out in note 2 of Appendix II to this circular.

INFORMATION ON PAI

According to publicly available information, PAI is a company incorporated in the PRC and the shares of which are listed and traded on the main board of the Stock Exchange (stock code: 2318). PAI is principally engaged in the provision of life insurance, property and casualty insurance, banking and other financial services.

The following information is extracted from the public documents of PAI:

	For the three months ended 31 March 2016	For the year ended 31 December	
	<i>RMB million</i>	2015 <i>RMB million</i>	2014 <i>RMB million</i>
Revenue	224,477	693,220	530,020
Profit before taxation	27,348	93,413	62,353
Net profit after taxation attributable to shareholders of PAI	20,700	54,203	39,279
Total assets	5,006,993	4,765,159	4,005,911

The details of the management and discussion of analysis of PAI for the past 3 years are disclosed in the following published annual reports of PAI:

For the year ended	Published date of annual report	Pages
31 December 2015	29 March 2016	12 – 57
31 December 2014	16 April 2015	12 – 53
31 December 2013	27 March 2014	22 – 55

LETTER FROM THE BOARD

IMPLICATIONS ON THE LISTING RULES

Under Chapter 14 of the Listing Rules, the Aggregate Acquisitions constitutes a major transaction of the Company; and such transaction contemplated thereunder is subject to the reporting, announcement and shareholders' approval requirements pursuant to the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the major transaction relating to the purchases of ELNs 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 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 have been obtained from Sea Rejoice Limited and Magical Profits Limited on the Aggregate Acquisitions and/or the obligations to take delivery of the underlying shares of PAI at the strike price on the fixing date. Sea Rejoice Limited and Magical Profits Limited are 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

Herebelow are the details of the published annual/interim reports showing the financial information of the Company:

For the year ended	Published date of annual report	Pages
31 March 2015	22 July 2015	57 – 153
31 March 2014	23 July 2014	58 – 157
31 March 2013	3 July 2013	52 – 181

For the six months ended	Published date of interim report	Pages
30 September 2015	23 December 2015	22 – 52

2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account of the Aggregate Acquisitions and 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 30 April 2016, being the latest practicable date for ascertaining this information prior to the printing of this circular, the Group had outstanding bank borrowings of approximately HK\$1,149 million, which were guaranteed by the Company and were secured by certain properties of the Group.

Apart from as disclosed above and intra-group liabilities, the Group did not have at the close of business on 30 April 2016 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

As mentioned in the interim report of the Company for the six months ended 30 September 2015, the economic data in the United States (“US”) has been sending mixed signals and causing uncertainty about the US recovery as well as speculation about the timing of interest rate hike.

In Asia, the economic outlook remains generally favourable, although Mainland China experienced the slowest growth in recent years, which is expected to cloud the region's economic outlook. As Hong Kong's economic performance hinges on global economic and financial conditions, these uncertain factors may affect property market sentiment in the months ahead. However, we expect the market to remain buoyant with more projects coming onto the market at competitive pricing levels and strong end user demand driving sales.

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

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

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, up to and including the Latest Practicable Date.

**APPENDIX II UNAUDITED PRO FORMA STATEMENT OF ASSETS
AND LIABILITIES OF THE GROUP**

The following unaudited pro forma statement of assets and liabilities of the Group has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of an aggregate purchases of equity linked notes of Ping An Insurance (Group) Co. of China Limited (“ELNs”) for principal amounts of HK\$79,000,000 (the “Major Transaction”) as if the Major Transaction had taken place on 30 September 2015. The pro forma adjustment does not take into account for the purchase of ELN on 14 September 2015 for a consideration of HK\$40,000,000 as this transaction took place before 30 September 2015 and therefore the ELN has been recorded in the Group’s statement of financial position as at 30 September 2015.

This unaudited pro forma statement of assets and liabilities of the Group 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 30 September 2015 or at any future date.

	The Group at 30 September 2015 HK\$’000 Note 1	Pro forma adjustment HK\$’000 Note 2	Pro forma total for the Group HK\$’000
Non-current assets			
Property, plant and equipment	4,708	–	4,708
Investment properties	1,925,331	–	1,925,331
Interests in associates	771,950	–	771,950
Available-for-sale investments	54,011	–	54,011
Loans receivable	49,026	–	49,026
Deposit for acquisition of property, plant and equipment	5,129	–	5,129
Deposit and prepayments for a life insurance policy	9,949	–	9,949
	2,820,104	–	2,820,104
Current assets			
Properties held for development for sale	90,340	–	90,340
Properties held for sale	829,612	–	829,612
Investments held for trading	31,230	–	31,230
Financial assets designated as at fair value through profit or loss	120,732	79,000	199,732
Trade and other receivables	30,871	–	30,871
Loans receivable	282,913	–	282,913
Convertible note	19,083	–	19,083
Bank balances and cash	58,816	(79,270)	(20,454)
	1,463,597	(270)	1,463,327

**APPENDIX II UNAUDITED PRO FORMA STATEMENT OF ASSETS
AND LIABILITIES OF THE GROUP**

	The Group at 30 September 2015 HK\$'000 Note 1	Pro forma adjustment HK\$'000 Note 2	Pro forma total for the Group HK\$'000
Current liabilities			
Trade and other payables	68,469	–	68,469
Tax payable	44,579	–	44,579
Secured bank borrowings	159,281	–	159,281
	272,329	–	272,329
Net current assets	1,191,268	(270)	1,190,998
Total assets less current liabilities	4,011,372	(270)	4,011,102
Non-current liabilities			
Secured bank borrowings	849,759	–	849,759
Deferred tax liabilities	1,296	–	1,296
	851,055	–	851,055
	3,160,317	(270)	3,160,047

Notes:

1. The figures are extracted from the condensed consolidated statement of financial position of the Group as at 30 September 2015, as set out in the published interim report of the Group for the six months ended 30 September 2015.
2. The adjustment represents (i) purchase of ELNs during the period from 3 May 2016 to 5 May 2016 for aggregate consideration of HK\$79,000,000 and (ii) payment of direct expenses, comprising of legal and professional fees of approximately HK\$270,000 in relation to the Major Transaction.
3. No adjustment has been made to remeasure the ELNs to their fair values as at 30 September 2015 as for the purpose of this pro forma financial information, it is assumed that the ELNs were acquired at their fair value on 30 September 2015.
4. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2015.

**APPENDIX II UNAUDITED PRO FORMA STATEMENT OF ASSETS
AND LIABILITIES OF THE GROUP**

**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 30 September 2015 and related notes as set out on pages II-1 to II-2 of the circular issued by the Company dated 1 June 2016 (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-2 of the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of an aggregate purchase of equity linked notes of Ping An Insurance (Group) Co. of China Limited (the “Major Transaction”) on the Group’s assets and liabilities as at 30 September 2015 as if the Major Transaction had taken place at 30 September 2015. As part of this process, information about the Group’s assets and liabilities has been extracted by the Directors from the Group’s condensed consolidated financial statements for the six months ended 30 September 2015, on which no review 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”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality professional behavior.

APPENDIX II UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP

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

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the 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.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the 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 event or transaction at 30 September 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.

**APPENDIX II UNAUDITED PRO FORMA STATEMENT OF ASSETS
AND LIABILITIES OF THE GROUP**

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.

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
1 June 2016

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 Holdings Limited (“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>)	457,330,692	880,281	458,210,973	41.04%
Ms. Koon Ho Yan Candy	Beneficiary of a trust (<i>Note v</i>)	457,330,692	880,281	458,210,973	41.04%

Notes:

- (iv) In the 457,330,692 shares of Easyknit Enterprises, 93,549,498 shares of Easyknit Enterprises and 363,781,194 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 880,281 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 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;
- (b) 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;
- (c) 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;
- (d) 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;
- (e) 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;
- (f) 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;
- (g) 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);

- (h) 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;
- (i) a sale and purchase agreement dated 6 August 2015 entered into between Power Bright Investments Limited as purchaser and Easyknit Properties Holdings Limited (“**Easyknit Properties**”) as vendor in relation to the dispose of the sale share and sale loan of Grow Well Profits Limited for a consideration of HK\$137,770,000;
- (j) a sale and purchase agreement dated 6 August 2015 entered into between Easyknit Enterprises as purchaser and Easyknit Properties as vendor in relation to the dispose of the sale share and sale loan of Supertop Investment Limited for a consideration of HK\$60,750,000;
- (k) a sale and purchase agreement dated 6 August 2015 entered into between New Pursuit Limited as purchaser and Easyknit Properties as vendor in relation to the dispose of the sale share and sale loan of Golden Top Properties Limited for a consideration of HK\$29,800,000;
- (l) a sale and purchase agreement dated 6 August 2015 entered into between Fresh Smart Investments Limited as purchaser and Easyknit Properties as vendor in relation to the dispose of the sale share and sale loan of Janson Properties Limited for a consideration of HK\$11,680,000;
- (m) 4 executed terms sheets dated 26 August 2015, 2 September 2015, 21 September 2015 and 22 September 2015 respectively for the purchase of the ELNs of Hong Kong Exchanges and Clearing Limited (stock code: 388) for a total consideration of HK\$160,000,000;
- (n) three executed term sheets dated 13 November 2015 and 10 December 2015 respectively for the purchase of the ELNs of China Construction Bank Corporation (stock code: 939) for a total consideration of HK\$170,000,000;
- (o) two executed term sheets dated 13 November 2015 and 9 December 2015 respectively for the purchase of the ELNs of Industrial and Commercial Bank of China Limited (stock code: 1398) for a total consideration of HK\$80,000,000; and
- (p) the 3 executed term sheets of the ELNs of PAI.

8. EXPERT AND CONSENT

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

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants

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

- (a) 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 Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letters and the reference to its name in the form and context in which it appears.

9. GENERAL

- (a) The company secretary of the Company is Mr. Lee Po Wing, a practising solicitor since 1994 with extensive experience in the legal field.
- (b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton 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.

10. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company of the Company for the three years ended 31 March 2013, 2014 and 2015;
- (c) the 2015 interim report of the Company for the six months ended 30 September 2015;
- (d) the letter from Deloitte Touche Tohmatsu in respect of the unaudited pro forma statement of assets and liabilities of the Group;
- (e) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (f) 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
- (g) this circular.