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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 a license securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Easyknit International Holdings Limited (永義國際集團有限公司)*, you should at once hand this circular to the purchaser(s) or transferee(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale(s) or transfer(s) was/were effected for transmission to the purchaser(s) or the transferee(s).

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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

**GRANT OF A LOAN TO
FORTUNATE GRAVITY HONGKONG LIMITED**

8 December 2016

* *for identification purposes only*

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors of the Company
“Borrower” or “Fortunate Gravity”	Fortunate Gravity Hongkong Limited, a company incorporated in Hong Kong with limited liability
“FE Share Charge”	the deed to be executed by Fortunate Gravity in favour of the Lender by way of a fixed charge over 217,720,000 FE Shares, representing approximately 19.90% of the issued share capital of FE
“Fortunate Gravity Share Charge”	the share charge to be executed by its shareholders in favour of the Lender by way of a fixed charge over the entire issued shares in the share capital of Fortunate Gravity, as security for due performance under the Loan Agreement
“BVI”	the British Virgin Islands
“Charged FE Shares”	share charge for a total of 217,720,000 FE Shares, representing approximately 19.90% of the issued share capital of FE
“Charged Fortunate Gravity Shares”	share charge on the entire issued share capital of Fortunate Gravity
“Company”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Drawdown Date”	the date on which the Loan is drawdown
“FE”	Fresh Express Delivery Holdings Group Co., Ltd., a company with limited liability incorporated in the Cayman Islands and whose shares are listed on the Stock Exchange (Stock Code: 1175)
“FE Share(s)”	ordinary shares of HK\$0.01 each in the share capital of FE
“Guarantor”	Ms. Wang, an individual Independent Third Party, a sole director of Fortunate Gravity and a guarantor under the Personal Guarantee
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Third Party(ies)”	person which, to the best knowledge and belief of the Directors having made all reasonable enquiries, is/are third parties independent of and not connected with the Company and its connected persons (as that term is defined in the Listing Rules)
“Latest Practicable Date”	7 December 2016, being the latest practicable date prior to the printing of this circular for ascertaining information for inclusion in this circular
“Lender”	Great Sail Global Limited, a direct wholly-owned subsidiary of the Company, incorporated in the BVI with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the amount of HK\$100,000,000 granted by the Lender to the Borrower subject to and upon the terms of the Loan Agreement
“Loan Agreement”	the loan agreement entered into between the Borrower and the Lender dated 16 November 2016
“Maturity Date”	the day that is twelve (12) calendar months from the Drawdown Date (or such later day as shall be agreed by the Lender and the Borrower)
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“Personal Guarantee”	the deed of guarantee to be executed by Ms. Wang in favour of the Lender guaranteeing the obligations of the Borrower under the Loan Agreement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Security Documents”	the Share Charges and the Personal Guarantee
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company
“Share Charges”	the FE Share Charge and Fortunate Gravity Share Charge
“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

Non-executive Directors:

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

8 December 2016

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

GRANT OF A LOAN TO FORTUNATE GRAVITY HONGKONG LIMITED

INTRODUCTION

The Board is pleased to announce that on 17 November 2016 the Loan Agreement was entered into between a direct wholly-owned subsidiary of the Company as lender with the Borrower, pursuant to which the Lender has conditionally agreed to lend HK\$100,000,000 to the Borrower for period of 12 months from the Drawdown Date. The Borrower shall pay interest to the Lender on the Loan at the rate of 12% per annum. The Loan will be secured by the Share Charges and Personal Guarantee.

* for identification purposes only

LETTER FROM THE BOARD

THE LOAN AGREEMENT

Date: 17 November 2016

Parties: (i) Great Sail Global Limited, as lender; and
(ii) Fortunate Gravity Hongkong Limited, as borrower.

To the best knowledge of the Directors, and having made all reasonable enquiries, the Borrower and its ultimate beneficial owner(s) are Independent Third Parties.

Purpose of the Loan

The Loan shall be used exclusively for the investment in future project and the general working capital of the Borrower.

Principal terms

Amount of the Loan: HK\$100,000,000.

Interest rate: Interest shall accrue on the Loan at the rate of 12% per annum.

Interest shall be paid monthly in arrears, commencing from the Drawdown Date.

The interest rate was determined by arm-length negotiations between the parties.

Term: The Loan is repayable in one lump sum on the Maturity Date, being the day that is twelve (12) calendar months from the Drawdown Date (or such later day as shall be agreed by the Lender and the Borrower); or the Borrower can early repay the Loan after the date falling six (6) months from the Drawdown Date.

Repayment: The total outstanding principal, together with any interest accrued thereon and all other amounts accrued or outstanding under the Loan Agreement and any Security Documents computed up to the date of payment, is repayable on the Maturity Date.

Security: the Share Charges and the Personal Guarantee.

Conditions precedent: The making of the Loan under the Loan Agreement is conditional upon conditions precedent including the following being satisfied:

- (1) the Share Charges being duly executed and delivered together with all documents required pursuant thereto; and
- (2) the Personal Guarantee being duly executed and delivered together with all documents required pursuant thereto.

LETTER FROM THE BOARD

The terms of the Loan Agreement were arrived at after arm's length negotiations between the Borrower and the Lender.

THE SHARE CHARGES AND PERSONAL GUARANTEE

The Loan is secured by each of the followings:

- (a) the FE Share Charge to be executed by Fortunate Gravity in favour of the Lender by way of a fixed charged over the Charged FE Shares;
- (b) the Fortunate Gravity Share Charge to be executed by Queen's Central Hongkong Limited and Theone Holdings Limited, the shareholders of Fortunate Gravity, in favour of the Lender by way of a fixed charged over the entire issued share capital of Fortunate Gravity; and
- (c) the Personal Guarantee executed by the Guarantor in favour of the Lender;

as continuing securities and continuing obligation for performance by the Borrower of its obligations in the Loan Agreement amongst other things.

Pursuant to the Share Charges, at any time after the occurrence of an event of default by the Borrower under the Loan Agreement, the Lender may, among other things, sell or dispose of all or any part of the Charged FE Shares and Charged Fortunate Gravity Shares under the FE Share Charge and Fortunate Gravity Share Charge respectively, and may apply the proceeds of any such sale in or towards the discharge of the costs thereby incurred and of the obligations secured under the Security Documents in such manner as it in its absolute discretion thinks fit.

Pursuant to the Personal Guarantee, the Guarantor undertakes to pay to the Lender all sums, including but not limited the principal and interests, which are become payable by the Borrower under the Loan Agreement.

At the signing date of the Loan Agreement, the fair value of the Share Charges of 217,720,000 FE Shares was approximately HK\$124,100,000 based on the market closing price of HK\$0.57 per FE Share and such FE Shares, have not been pledged for other borrowings other than the Loan.

To the best knowledge of the Directors, and having made all reasonable enquiries, the Guarantor is an Independent Third Party.

REASONS FOR AND THE BENEFIT OF THE TRANSACTION

The reason for the Loan is to enable investment of cash resources of the Company not immediately required in its operations in a secured loan offering a return well in excess of returns available from bank deposits or similar investments, and the Company will benefit from the interest payable to it on the Loan.

The Company has sent a representative to do a site visit of FE in PRC as the core collateral and conducted a meeting with the Borrower's management team to assess the repayment capability, and obtained a full set of the constitutional documents of the

LETTER FROM THE BOARD

Borrower. The Company has assessed the creditworthiness of the Borrower by obtaining its balance sheet which did not raise concerns to its solvency and has a thorough business overview on Fortunate Gravity and FE by calculating the relevant financial ratios analysis (such as profit and loss analysis, balance sheet analysis, debt profile and cash position, cash flow analysis, loan-to-value ratio, debt coverage analysis) from its 2015 and 2016 annual report, and its track records of trading performance . Furthermore, the Company has requested the Borrower to provide the proof relating to the source of funds to repay the Loan. Taking into account of the above assessments, the Board is satisfied that the Borrower has the repayment capability to repay the Loan.

The Guarantor is an individual whose creditworthiness is difficult to judge due to the fact individuals do not prepare accounts, therefore the Company did not seek credit reports in light of their limited usefulness but the Company has requested the Guarantor to provide relevant proofs relating to her repayment capability. The Board is of the view that even if both the Borrower and the Guarantor default, the Company still has recourse to the collateral.

The Loan is for one year only and the interest rate under the Loan is 12%. Interest from bank deposits and similar investments is a small fraction of that which is receivable by the Company in respect of the Loan and the Loan is well secured.

Having considered (i) the above assessments; (ii) the terms of the Loan, including the interest rate; (iii) the Share Charges; and (iv) the Personal Guarantee, the Directors consider that the Loan is on normal commercial terms and the terms of the Loan Agreement are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

FINANCIAL EFFECTS ON THE GRANT OF LOAN

Since the funding of the Loan is from the internal resources of the Group, therefore it will decrease the amount of bank balances and cash of the Group. Interests will be derived from the Loan and therefore the grant of Loan will have positive effects on the earnings of the Group. The grant of loan is expected to have no material impact on the consolidated assets and liabilities.

After taking into account of the Loan, the Directors are of the opinion that the Group will have sufficient working capital for daily operation for the period up to 12 months from the date of this circular in the absence of unforeseen circumstances.

INFORMATION ON THE GROUP AND THE LENDER

The Group is a principally engaged in property investment, property development, securities investment and money lending business.

The Lender is an investment holding company incorporated under the laws of the BVI with limited liability and is a direct wholly-owned subsidiary of the Company.

LETTER FROM THE BOARD

INFORMATION ON THE BORROWER, GUARANTOR AND FE

The Borrower is incorporated in Hong Kong with limited liability and is an investment holding company to invest in the private equities. As at the date of this circular, the sole asset of the Borrower is the investment in the FE Shares. The ultimate beneficial owners of the Borrower are Independent Third Parties.

The Guarantor is the sole director of the Borrower and is a professional investor to invest in the private equities and with experience in food and beverages business.

According to publicly available information, FE and its subsidiaries are principally engaged in cold chain food integrated distribution in the PRC. FE is a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1175).

The following financial information is extracted from public documents of FE:

	For the year ended 31 December	
	2016	2015
	<i>RMB'million</i>	<i>RMB'million</i>
Turnover	1,482.7	911.3
Profit before taxation	70.2	54.7
Net profit after taxation	57.5	44.0

The details of the management and analysis of FE for the past 3 years are disclosed in the following published annual report of FE:

For the year ended	Published date of annual report	Pages
31 March 2016	29 July 2016	4 – 5
31 March 2015	30 July 2015	4 – 5
31 March 2014	30 July 2014	4 – 6

IMPLICATION OF THE LISTING RULES

Under Chapter 14 of the Listing Rules, the grant of Loan constitutes a major transaction of the Company. The Loan and the transactions contemplated thereunder are 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 Loan or if it were put forward to the Shareholders for approval at a general meeting of the Company no Shareholder be required to abstain from voting on the resolution(s) approving the transaction.

The Company will comply with all applicable Listing Rules and any applicable requirements under Securities and Futures Ordinance if and when there is any default in repaying the Loan and the Company enforces the relevant Share Charges.

LETTER FROM THE BOARD

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 grant of the Loan pursuant to the Loan Agreement and the transaction contemplated under the Loan Agreement and the Security Documents have been obtained from Sea Rejoice Limited and Magical Profits Limited, 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 Latest Practicable Date. 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.

RECOMMENDATION

The Board considers that the grant of Loan arrangement was entered into after arm's length negotiation and the terms of the Loan Agreement are fair and reasonable and in the interest of the Company and Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution if the Company were to convene a general meeting to approve the Loan and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

Your faithfully,
By Order of the Board
Easyknit International Holdings Limited
Kwong Jimmy Cheung Tim
President & Chief Executive Officer

1. FINANCIAL SUMMARY OF THE GROUP

For the year ended	Published date of annual report	Pages
31 March 2016 <i>http://www.eminence-enterprise.com/wp-content/uploads/2016/Annual/e_2015-Annual-Report.pdf</i>	15 July 2016	61 – 157
31 March 2015 <i>http://www.eminence-enterprise.com/wp-content/uploads/Financial_Reports/2014-Annual-Report.pdf</i>	21 July 2015	60 – 145
31 March 2014 <i>http://www.eminence-enterprise.com/wp-content/uploads/Financial_Reports/2013-Annual-Report.pdf</i>	09 July 2014	52 – 146

2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account of its available financial resources, in the absence of unforeseen circumstances, the Group will have sufficient working capital for its requirements for the next 12 months from the date of this circular.

3. INDEBTEDNESS

At the close of business on 31 October 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\$976.7 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 31 October 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, guaranteed, unguaranteed, secured and unsecured borrowings and debt, or other material contingent liabilities.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As mentioned in the annual report of the Company for the year ended 31 March 2016, the China economy had been grown at a slower rate than the government target of 7% in 2015, the continuous sliding of the Chinese and Hong Kong stock markets in the past months, the financial uncertainties about the pace of increase in interest rate in the United States and the instabilities in the European economy, which are expected to cloud the global economic outlook. As Hong Kong's economic performance hinges on global economic and financial conditions, these uncertain factors may affect property market sentiment in the months ahead. However, we expect the market to remain buoyant with more projects coming onto the market at competitive pricing levels and strong end user demand driving sales.

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

According to the Hong Kong 2016/2017 budget, the forecasted GDP growth rate for 2016 is one to two percent, which is lower than the growth rate of 2015. Looking forward for the growth of the money lending business, the Group shall seize business opportunities on the increasing demand for mortgage loans and expand its loan portfolio.

The Group is confident about the future performance of its property mortgage loan portfolio, interest income and profit; and it believes that it will generate stable returns to its shareholders in the foreseeable future.

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

5. MATERIAL CHANGE

The Directors are not aware of any material change to the financial or trading position of the Group since 31 March 2016, 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 FINANCIAL INFORMATION OF THE GROUP

A. 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 the grant of the loan in amount of HK\$100,000,000 to the Borrower (the “Transaction”) as if the Transaction had taken place on 30 September 2016.

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 Transaction been completed as at 30 September 2016 or at any future date.

	The Group at 30 September 2016	Pro forma adjustment	Pro forma total for the Group
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	
Non-current assets			
Property, plant and equipment	5,404	—	5,404
Investment properties	1,606,145	—	1,606,145
Interests in associates	769,184	—	769,184
Available-for-sale investments	167,015	—	167,015
Convertible notes	64,467	—	64,467
Derivative component of convertible notes	10,163	—	10,163
Loans receivable	70,975	—	70,975
Deposit for acquisition of property, plant and equipment	5,069	—	5,069
Deposit and prepayments for a life insurance policy	10,044	—	10,044
	<u>2,708,466</u>	<u>—</u>	<u>2,708,466</u>
Current assets			
Properties held for development for sale	118,442	—	118,442
Properties held for sale	518,007	—	518,007
Investments held for trading	20,519	—	20,519
Trade and other receivables	84,231	—	84,231
Loans receivable	92,644	99,925	192,569
Bank balances and cash	410,181	(99,925)	310,256
	<u>1,244,024</u>	<u>—</u>	<u>1,244,024</u>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

	The Group at 30 September 2016 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	101,926	—	101,926
Tax payable	28,571	—	28,571
Secured bank borrowings	325,709	—	325,709
	<u>456,206</u>	<u>—</u>	<u>456,206</u>
Net current assets	<u>787,818</u>	<u>—</u>	<u>787,818</u>
Total assets less current liabilities	<u>3,496,284</u>	<u>—</u>	<u>3,496,284</u>
Non-current liabilities			
Secured bank borrowings	544,706	—	544,706
Deferred tax liabilities	1,073	—	1,073
	<u>545,779</u>	<u>—</u>	<u>545,779</u>
	<u><u>2,950,505</u></u>	<u><u>—</u></u>	<u><u>2,950,505</u></u>

Notes:

- The figures are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2016, as set out in the published interim report of the Group for the six months ended 30 September 2016.
- The adjustment represents (i) the grant of the Loan in the amount of HK\$100,000,000, which bears interest at 12% per annum and the Maturity Date is twelve calendar months from the Drawdown Date, to the Borrower pursuant to the Loan Agreement; (ii) net of upfront fee income of HK\$2,500,000 (equivalent to 2.5% of the Loan) which is payable by the Borrower to the Group on or before the Drawdown Date pursuant to the Loan Agreement; and (iii) capitalisation of direct expenses in relation to the grant of the Loan of approximately HK\$2,425,000, including legal and professional fees relating to the Transaction of approximately HK\$250,000 and arrangement fee of approximately HK\$2,175,000 (equivalent to 15% of the aggregate of the interest income and the upfront fee).
- No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2016.

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

Deloitte.

德勤

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 2016 and related notes as set out in Section A of Appendix II to the circular issued by the Company dated 8 December 2016 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Section A of Appendix II to the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the grant of a loan in the amount of HK\$100,000,000 to an independent third party (the "Transaction") on the Group's assets and liabilities as at 30 September 2016 as if the Transaction had taken place at 30 September 2016. 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 2016, on which no auditor's review conclusion 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 (the "HKICPA").

Our Independence and Quality Control

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

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

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the 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 2016 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.

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
8 December 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

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

Notes:

- (i) 29,179,480 Shares are registered in the name of and 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 the trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members other than her spouse).

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

(ii) Interest in associated corporation

Eminence Enterprise Limited (“Eminence”)

Name of director	Capacity	Number of ordinary shares held (long position)	Number of underlying shares held	Total	Approximate percentage of interest
Ms. Lui Yuk Chu	Beneficiary of a trust (Note iv)	457,330,692	880,281	458,210,973	29.32%
Ms. Koon Ho Yan Candy	Beneficiary of a trust (Note v)	457,330,692	880,281	458,210,973	29.32%

Notes:

- (iv) In the 457,330,692 shares of Eminence, 93,549,498 shares of Eminence and 363,781,194 shares of Eminence are registered in the name of and beneficially owned by Landmark Profits Limited and Goodco Development Limited respectively, both are the wholly-owned subsidiaries of the Company. Goodco Development Limited is also interested in 880,821 underlying shares of Eminence (subject to adjustment) to be issued upon the full conversion of the outstanding 2014 convertible note. Sea Rejoice Limited is interested in approximately 21.95% of the issued share capital of the Company and it is wholly-owned by Ms. Lui Yuk Chu. Magical Profits Limited is interested in approximately 36.74% of the issued share capital of the Company and it is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by Winterbotham Trust as the 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 a Director, is deemed to be interested in the shares of Eminence 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 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 include Ms. Lui Yuk Chu, a Director, and her family members other than her spouse). Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and a 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 a Director, is also a director of Sea Rejoice Limited and Magical Profits Limited.
- (iii) Winterbotham Trust was 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 are not aware of any other persons who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital.

3. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was 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 contracts 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' INTEREST IN COMPETING BUSINESS

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

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 2016 (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 carried on as intended to be carried on by 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 underwriting agreement dated 2 February 2015 entered into between Eminence 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;
- (b) the facility letter dated 26 May 2015 entered into between Cherry Sky Investments Limited, a wholly-owned subsidiary of Eminence, as a lender, and an independent third party, as a borrower, pursuant to which, the lender has conditionally agreed to lend an interest bearing loan upto HK\$70,000,000 to the borrower for a period of 12 months from the drawdown date;
- (c) the subscription agreement dated 29 May 2015 entered into between Eminence and an independent third party, as the subscriber, agreed to subscribe a convertible note issued by Eminence in the aggregate principal amount of HK\$86,000,000 which may be converted into 101,176,470 shares of Eminence at the initial conversion price of HK\$0.85 per share (subject to adjustment);
- (d) 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;
- (e) 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;
- (f) a sale and purchase agreement dated 6 August 2015 entered into between Eminence 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;
- (g) 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;

- (h) 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;
- (i) 4 executed term 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;
- (j) 3 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;
- (k) 2 executed term sheets dated 11 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;
- (l) 3 executed term sheets dated 16 September 2015, 3 May 2016 and 5 May 2016 respectively for the purchase of the ELNs of Ping An Insurance (Group) Co. of China Limited (Stock Code: 2318) for a total consideration of HK\$119,000,000;
- (m) 6 executed term sheets dated 19 May 2016, 27 June 2016 and 29 September 2016 respectively for the purchase of the ELNs of Hong Kong Exchanges and Clearing Limited (Stock Code: 388) for a total consideration of HK\$120,000,000;
- (n) 2 executed term sheets dated 30 June 2016 and 30 September 2016 respectively for the purchase of the ELNs of Industrial and Commercial Bank of China Limited (Stock Code: 1398) for a total consideration of HK\$93,000,000;
- (o) 1 executed term sheet dated 21 September 2016 for the purchase of the ELNs of CSOP FTSE China ASO ETF (Stock Code: 2822) for a consideration of HK\$50,000,000;
- (p) 1 executed term sheet dated 23 September 2016 for the purchase of the ELN of China Construction Bank Corporation (Stock Code: 939) for a consideration of HK\$40,000,000; and
- (q) the Loan Agreement.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has been 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 2016 (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 letter 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.
- (b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company in Hong Kong is at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this circular prevails over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company containing audited consolidated financial statements of the Company for the three years ended 31 March 2014, 2015, and 2016;
- (c) the letter from Deloitte Touche Tohmatsu in respect of the unaudited pro forma financial information of the Group as set out in Appendix II;
- (d) the material contracts referred to in the paragraph headed "Material contracts" in this appendix;
- (e) a copy of each circular issued pursuant to the 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;
- (f) the Loan Agreement; and
- (g) this circular.