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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

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**EASYKNIT INTERNATIONAL HOLDINGS LIMITED**

**永義國際集團有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 1218)**

**MAJOR TRANSACTION**

**PURCHASE OF LISTED SECURITIES OF  
HONG KONG EXCHANGES AND CLEARING LIMITED**

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## DEFINITIONS

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

“Acquisition”	the acquisition of an aggregate of 632,700 HKEx Shares for a consideration of approximately HK\$127,800,000 by the Group during the period from 9 November 2016 to 30 November 2016
“Aggregate Acquisitions”	the aggregate of the Acquisition and Previous Acquisition
“Announcement”	the Company’s announcement dated 5 December 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 the Stock Exchange
“Director(s)”	director(s) of the Company
“discloseable transaction”	as defined in the Listing Rules
“Eminence”	Eminence Enterprise Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKEx”	Hong Kong Exchanges and Clearing Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 388)
“HKEx Shares”	shares with a par value of HK\$1.00 each in the share capital of HKEx
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third party(ies) independent of the Company and connected persons of the Company
“Latest Practicable Date”	19 December 2016, being the latest practicable date prior to the printing of this circular for ascertaining information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“major transaction”	as defined in the Listing Rules
“percentage ratios”	as defined in the Listing Rules
“PRC”	the People’s Republic of China
“Previous Acquisition”	the purchase of 357,700 HKEx Shares during the period from 5 October 2016 to 12 October 2016 for an aggregate purchase price of approximately HK\$74,077,000 (exclusive of transaction costs), details are set out in the announcement of the Company dated 17 October 2016
“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

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## LETTER FROM THE BOARD

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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)

*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

28 December 2016

*To the Shareholders*

Dear Sir or Madam,

### MAJOR TRANSACTION

#### PURCHASE OF LISTED SECURITIES OF HONG KONG EXCHANGES AND CLEARING LIMITED

#### INTRODUCTION

Reference was made to the Company's announcement dated 5 December 2016 relating to the Group, through a wholly-owned subsidiary, acquired on-market a total of 632,700 HKEx Shares during the period from 9 November 2016 to 30 November 2016 for a total purchase price (exclusive of transaction costs) of approximately HK\$127,800,000 and was settled in cash from the internal resources of the Company. The average purchase price for this acquisition of each HKEx Share was approximately HK\$201.99.

\* For identification purposes only

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with further information on, amongst other things, the Acquisition, the Previous Acquisition and the Aggregate Acquisitions.

### **(A) Acquisition**

The Group, through a wholly-owned subsidiary, acquired on-market a total of 632,700 HKEx Shares during the period from 9 November 2016 to 30 November 2016 for a total purchase price (exclusive of transaction costs) of approximately HK\$127,800,000 and was settled in cash from the internal resources of the Company. The average purchase price for this acquisition of each HKEx Share was approximately HK\$201.99.

As the Acquisition was made through the market, the Company was not aware of the identities of the sellers of the HKEx Shares and accordingly, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the sellers of the HKEx Shares are Independent Third Parties.

### **(B) Previous Acquisition**

Refer to the Company's discloseable transaction announcement dated 17 October 2016, the Group, through a wholly-owned subsidiary, acquired on-market a total of 357,700 HKEx Shares during the period from 5 October 2016 to 12 October 2016 for a total purchase price (exclusive of transaction costs) of approximately HK\$74,077,000. The average purchase price for the this acquisition of each HKEx Share was approximately HK\$207.09.

### **(C) Aggregate Acquisitions**

The aggregate purchase price of the Acquisition and the Previous Acquisition is approximately HK\$201,877,000.

## **REASONS FOR AND BENEFITS OF THE AGGREGATE ACQUISITIONS**

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

Having considered the recent performance of HKEx, the Company considers that the acquisition of HKEx Shares are attractive investment and can enhance the returns on cash for the Company.

As the Aggregate Acquisitions were made at market price, the Directors (including the independent non-executive Directors) are of the view that the Aggregate Acquisitions were fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

## **FINANCIAL EFFECTS ON THE AGGREGATE ACQUISITIONS**

The Aggregate Acquisitions decreased the amount of cash of the Group and is expected to have no material impact on the consolidated assets and liabilities.

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## LETTER FROM THE BOARD

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### INFORMATION ON HKEX

According to publicly available information, HKEx is a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 388). According to its company profile available on the internet, HKEx is the holding company of the Stock Exchange, Hong Kong Futures Exchange Limited and Hong Kong Securities Clearing Company Limited and brings together the market organisations which have transformed Hong Kong's financial services industry from a domestically focused market to become a central market place in Asia attracting investment funds from all over the world. HKEx was listed in June 2000 following the integration of Hong Kong's securities and derivatives markets. HKEx services comprise trading, clearing and settlement, depository and nominee services, and information services.

The following information is extracted from the quarterly result and annual report of HKEx:

	<b>For the nine months ended 30 September 2016</b>	<b>For the year ended 31 December</b>	
	<i>HK\$ million</i>	<i>2015</i>	<i>2014</i>
		<i>HK\$ million</i>	<i>HK\$ million</i>
Revenue	8,478	13,375	9,849
Profit before taxation	5,314	9,278	6,038
Net profit after taxation attributable to shareholders of HKEx	4,528	7,956	5,165
Total assets	216,491	238,193	251,860

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

<b>For the year ended</b>	<b>Published date of annual report</b>	<b>Pages</b>
31 December 2015	21 March 2016	35 - 67
31 December 2014	23 March 2015	29 - 59
31 December 2013	14 March 2014	31 - 78

### IMPLICATIONS ON THE LISTING RULES

Under Chapter 14 of the Listing Rules, the Acquisition constitutes a major transaction of the Company. The Acquisition when aggregating with the Previous Acquisition remains a major transaction, therefore the Aggregate Acquisitions are subject to the reporting, announcement and shareholders' approval requirements pursuant to the Listing Rules.

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## LETTER FROM THE BOARD

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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 Aggregate Acquisitions or should the aforesaid major transaction be put forward to the Shareholders for approval at a general meeting of the Company be required to abstain from voting on the resolution(s) approving the transaction.

### WRITTEN SHAREHOLDERS' APPROVAL

Pursuant to Rule 14.44 of the Listing Rules, in lieu of a resolution to be passed at a general meeting of the Company, written approvals of the Acquisitions have been obtained from Sea Rejoice Limited and Magical Profits Limited, the substantial shareholders of the Company with an aggregate interest in 46,609,144 Shares, representing approximately 58.69% of the issued share capital of the Company as at the 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.

### 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 reports showing the financial information of the Company:

<b>For the year ended</b>	<b>Publication date of annual report</b>	<b>Pages</b>
31 March 2016 <i>(<a href="http://www.easyknit.com/sites/default/files/en/downloads/report/annual/en-2015-ew_01218ar-26062016_0.pdf">http://www.easyknit.com/sites/default/files/en/downloads/report/annual/en-2015-ew_01218ar-26062016_0.pdf</a>)</i>	25 July 2016	60 – 161
31 March 2015 <i>(<a href="http://www.easyknit.com/sites/default/files/en/downloads/report/annual/en-2014-ew_01218ar-29062015.pdf">http://www.easyknit.com/sites/default/files/en/downloads/report/annual/en-2014-ew_01218ar-29062015.pdf</a>)</i>	22 July 2015	57 – 153
31 March 2014 <i>(<a href="http://www.easyknit.com/sites/default/files/en/downloads/report/annual/en-2013-ew_1218frp-20140718q4.pdf">http://www.easyknit.com/sites/default/files/en/downloads/report/annual/en-2013-ew_1218frp-20140718q4.pdf</a>)</i>	23 July 2014	58 – 157

## 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 borrowing and debt, 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 2016, the residential property markets in Hong Kong will likely be supported in Hong Kong because of the pace of rate hikes in the US relatively slow and interest rates being expected to stay low for an extended period of time, the recovery in the primary, as well as the secondary. However, despite the pickup in sales activity in overall residential market, any increase in prices will likely be

mild as they are expected to be suppressed by a seemingly substantial increase in supply of the residential units in the coming few years. In view of improving market sentiment, the Group will continue to promote the sale for the remaining units of PAXTON in Hong Kong and shall launch its new residential project in Prince Edward Road West in late 2017.

Going forward, the Group will review its current operations from time to time and will continue to explore other investment opportunities that have earning potentials, in order to expand its existing operations and to diversify its business to maximize the interests of the Group and the Shareholders as a whole.

## **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 2016, being the date to which the latest published audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date, save as disclosed in

- (i) the Company's announcement dated 17 November 2016 relating to a secured loan of HK\$100,000,000 granted to Fortunate Gravity Hongkong Limited, an Independent Third Party, for a term of 12 months at the interest rate of 12% per annum; and
- (ii) the Company's announcement dated 7 December 2016 relating to a secured loan of HK\$63,000,000 granted to Mr. Ting, an Independent Third Party for a term of 12 months at the interest rate of 8% per annum.

**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 purchase of 990,400 HKEx Shares during the period from 5 October 2016 to 30 November 2016 (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.

	<b>The Group at 30 September 2016</b>	<b>Pro forma adjustment</b>	<b>Pro forma total for the Group</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(Note 1)</i>	<i>(Note 2)</i>	
<b>Non-current assets</b>			
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>
<b>Current assets</b>			
Properties held for development for sale	118,442	—	118,442
Properties held for sale	518,007	—	518,007
Investments held for trading	20,519	202,302	222,821
Trade and other receivables	84,231	—	84,231
Loans receivable	92,644	—	92,644
Bank balances and cash	410,181	(202,552)	207,629
	<u>1,244,024</u>	<u>(250)</u>	<u>1,243,774</u>

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

	<b>The Group at 30 September 2016</b> <i>HK\$ '000</i> <i>(Note 1)</i>	<b>Pro forma adjustment</b> <i>HK\$ '000</i> <i>(Note 2)</i>	<b>Pro forma total for the Group</b> <i>HK\$ '000</i>
<b>Current liabilities</b>			
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>
<b>Net current assets</b>	<u>787,818</u>	<u>(250)</u>	<u>787,568</u>
<b>Total assets less current liabilities</b>	<u>3,496,284</u>	<u>(250)</u>	<u>3,496,034</u>
<b>Non-current liabilities</b>			
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>(250)</u></u>	<u><u>2,950,255</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 purchase of 990,400 HKEx Shares from the market during the period from 5 October 2016 to 30 November 2016 for a total cash consideration of approximately HK\$202,302,000 based on market price (including transaction costs of approximately HK\$425,000) and costs of the Transaction of approximately HK\$250,000 which were settled by cash.
- No adjustment has been made to remeasure the HKEx Shares to their fair values as at 30 September 2016 as for the purpose of this pro forma financial information, it is assumed that the HKEx Shares were acquired at their fair value on 30 September 2016.
- 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 UNAUDITED 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 unaudited pro forma financial information of Easyknit International Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma 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 28 December 2016 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Section A of Appendix II to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the purchase of 990,400 shares of Hong Kong Exchanges and Clearing Limited during the period from 5 October 2016 to 30 November 2016 (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 unaudited condensed consolidated financial statements for the six months ended 30 September 2016, on which no auditor's review conclusion report has been published.

**Directors' Responsibilities for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

**Our Independence and Quality Control**

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

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

**Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2016 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

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

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

### **Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
28 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

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 (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 are beneficially owned by Magical Profits Limited which is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by The Winterbotham Trust Company Limited (“**Winterbotham Trust**”) as trustee of The Magical 2000 Trust (the beneficiaries of which included Ms. Lui Yuk Chu and her family members other than her spouse).
- (ii) 17,429,664 Shares are beneficially owned by Sea Rejoice Limited which is wholly-owned by Ms. Lui Yuk Chu.

- (iii) Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and an executive Director, is deemed to be interested in the Shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.

**(ii) *Interests in the associated corporation***

*Eminence Enterprise Limited (“Eminence”)*

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 (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 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 Eminence (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 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 &amp; ii</i>	Beneficial owner	17,429,664	21.95%
Magical Profits Limited	<i>i &amp; 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 &amp; 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**

Save as disclosed in this circular, none of the Directors are interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2016, the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to the Company or any of its subsidiaries.

**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 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 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;
- (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 12 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 disposal 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 disposal 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 disposal 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 for the purchase of the equity linked note (“ELN”) 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 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 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 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 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 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; and
- (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.

**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 is contained in this circular:

<b>Name</b>	<b>Qualification</b>
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 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 HM 11, Bermuda and the principal place of business of the Company in Hong Kong is at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481- 483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this circular prevails over the Chinese text.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

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

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the three years ended 31 March 2014, 2015 and 2016;
- (c) the interim report of the Company for the six months ended 30 September 2016;
- (d) the letter from Deloitte Touche Tohmatsu in respect of the unaudited pro forma statement of assets and liabilities of the Group as set out in Appendix II to this circular;
- (e) the letter of consent referred to in the paragraph headed "Expert and Consent" in this appendix;
- (f) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (g) 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
- (h) this circular.