THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

EASYKNIT INTERNATIONAL HOLDINGS LIMITED
永義國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1218)

VERY SUBSTANTIAL ACQUISITION

AGGREGATE ACQUISITION OF PROPERTIES

AND

NOTICE OF SPECIAL GENERAL MEETING

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 4 to 11 of this circular.

A notice convening the SGM to be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Monday, 4 September 2017 at 9:00 a.m. is set out on pages N-1 to N-2 of this circular. A proxy form for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding of the SGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such case, the proxy form shall be deemed to be revoked.

11 August 2017

* *for identification purposes only*

Page

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

"1st Acquisition"	the acquisition of the Property-1 via the purchase of the sale share and sale loan of GCHL for a consideration of HK$332,869,023.25, details of which are set in the Company's announcement dated 13 April 2017
"2nd Acquisition"	the proposed acquisition of the Property-2 for a consideration of HK$41,800,000 subject to the terms and conditions of the Agreement
"Aggregate Acquisitions"	to aggregate the transactions of the 1st Acquisition and 2nd Acquisition
"Aggregate Consideration"	the aggregate consideration for the 1st Acquisition and 2nd Acquisition is HK$374,669,023.25
"Agreement"	a provisional sale and purchase agreement dated 5 July 2017 entered into between GCHL and the Seller for the sale and purchase of the Remaining Unit
"Announcement"	the announcement of the Company dated 5 July 2017
"associates"	the meaning ascribed thereto in the Listing Rules
"Board"	the board of Directors
"Building"	the building is situated at Nos. 93, 93A, 95 and 95A Waterloo Road, Kowloon, Hong Kong with a total of 12 units
"Company"	Easyknit International Holdings Limited (永義國際集團有限公司), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
"Completion"	completion of the sale and purchase of the Property-2 which is expected to be on 6 October 2017, or such other dates the parties may agree in writing
"Director(s)"	director(s) of the Company
"discloseable transaction"	as defined in the Listing Rules
"Enlarged Group"	the Group immediately after the completion of the 1st Acquisition and the 2nd Acquisition

"GCHL"	Global Chance Holdings Limited, a company incorporated in the British Virgin Islands and is an indirect wholly-owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party"	a third party independent of the Company and of connected persons (as defined in the Listing Rules) of the Company
"Latest Practicable Date"	7 August 2017, being the latest practicable date prior to the printing to this circular for ascertaining information
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"percentage ratios"	the meaning ascribed thereto in Chapter 14 of the Listing Rules
"PRC"	the People's Republic of China
"Property-1"	11 units of the Building which are: (1) Unit B, ground floor (2) Unit C, ground floor (3) Unit D, ground floor (4) Unit A, 1st floor (5) Unit B, 1st floor (6) Unit C, 1st floor (7) Unit D 1st floor (8) Unit A, 2nd floor (9) Unit B, 2nd floor (10) Unit C, 2nd floor (11) Unit D, 2nd floor
"Property-2"	unit A, ground floor of the Building
"Seller" or "Ms. Chan"	Ms. Chan Yat Ling, an individual person who is an Independent Third Party

"SGM"	the special general meeting of the Company to be convened and held on Monday, 4 September 2017 at 9:00 a.m. for the purpose of considering, if thought fit, approving the Aggregate Acquisitions and the transactions contemplated thereunder
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"sq.ft."	square foot or square feet
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"very substantial acquisition"	as defined in the Listing Rules

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. Tse Wing Chiu Ricky
(President and Chief Executive Officer)
Ms. Lui Yuk Chu
(Vice President)
Ms. Koon Ho Yan Candy

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

11 August 2017

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION

AGGREGATE ACQUISITION OF PROPERTIES

INTRODUCTION

Reference was made to the Announcement.

Pursuant to the Company's major transaction announcement dated 13 April 2017 relating to the acquisition of the Property-1 via the acquisition of the sale share and sale loan of GCHL, the total cost for the completion of the acquisition of GCHL and the Property-1 HK$332,869,023.25 and were taken place on 23 June 2017 and 28 June 2017 respectively ("**1st Acquisition**").

Since 28 June 2017, the Group, via GCHL, is the owner of the Property-1, i.e. 11 units of the Building which represent 91.67% of the undivided shares of the Building (as contemplated by section 3(1) of the Land (Compulsory Sale for Redevelopment) Ordinance, Cap 545, Laws of Hong Kong).

The Building was completed in 1956 and is erected on a site with a registered site area of 10,500 sq.ft. which comprises a 3-storey residential building with 12 units.

On 5 July 2017, GCHL, as the purchaser, entered into the Agreement with the Seller, pursuant to which amongst other things, GCHL conditionally agreed to acquire, and the Seller agreed to sell the Property-2, the remaining unit of the Building, at a consideration of HK$41,800,000 ("**2nd Acquisition**").

THE AGREEMENT

Date	:	5 July 2017
Purchaser	:	GCHL
Seller	:	Ms. Chan, an individual person, being the Seller

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Seller is an Independent Third Party. Save for the Agreement, there was no arrangements between the Company and the Seller in relation to the Agreement.

Assets to be acquired

Pursuant to the Agreement, amongst other things, GCHL has conditionally agreed to purchase the Property-2 from the Seller.

The Seller is the registered owner of the Property-2 with a total saleable area of approximately 1,647 sq. ft., and shall be sold to the Purchaser on "as-is" basis.

Condition precedent

Completion of the Agreement is conditional upon the fulfillment of the following conditions on or prior to the Completion Date:

1. the Agreement and the transactions contemplated herein duly approved by the shareholders' meeting of the Company in accordance with the Listing Rules; and

2. the warranties provided by the Seller under the Agreement remain true and accurate in all respects.

Consideration

The consideration of HK$41,800,000 for the 2nd Acquisition was determined after arm's length negotiations between the Purchaser and the Seller on normal commercial terms with reference to:

1. the Group, via GCHL, is the owner of the Property-1;

2. the Property-2 is the remaining unit of the Building;

3. the potential in future development of a residential building;

4. the prevailing market prices of the properties of similar nature available in the localities;

5. the current Hong Kong property market sentiment; and

6. the Company's available funds.

After taking into account of the above, the Directors are of the view that the terms of the Agreement are fair and reasonable and in the ordinary and usual course of business of the Group, and are in the interests of the Company and the Shareholders as a whole.

The consideration for the 2nd Acquisition is HK$41,800,000 which shall be paid in cash and shall be paid as follows:

1. initial deposit in the sum of HK$100,000 was paid to the Seller upon the signing of the Agreement;

2. further deposit in the sum of HK$4,080,000 was paid to the Seller on 20 July 2017; and

3. the balance of HK$37,620,000 shall be paid to the Seller upon Completion.

The consideration of HK$41,800,000 was determined after arm's length negotiations between GCHL and the Seller; and GCHL has taken into account of the following factors but without limitation to:

1. the Group, via GCHL, is the owner of 11 units;

2. 3 types of valuation as mentioned in the property valuation report in Appendix IV to this circular:

   (a) market value in the existing state of the Property-2 for HK$14,900,000;

   (b) the site value of the 100% interests of the Property of the land with vacant possession being HK$357,000,000 ("**VP Valuation**"); and

(c) the apportioned site value interest of the Property-2 of the land with vacant possession being HK$37,000,000 ("**APD Valuation**").

3. the unit rate of the comparable transactions are in the range of about HK$8,366 to HK$10,388 per sq.ft. for domestic units and about HK$18,944 to HK$29,001 per sq.ft. for en block residential buildings.

The selection criteria of the aforesaid comparable properties are with similar character, location, building age, facing aspect, size, floor level, view and are analyzed and carefully weighed against all respective advantages and disadvantages of the property to arrive at a fair comparison of value. Herebelow are the details of the comparable transactions:

Domestic units

No.	Date of Instance	Memorial No.	Nature #	Comparable	Price	Saleable Area	Unit Rate	Remarks
1.	25/01/2017	17021600050019	ASP	2/F, 69D Waterloo Road	$9,680,000	1,157 sq.ft.	$8,366/sq.ft.	
2.	13/01/2017	17020600200095	ASP	G/F, 114C Waterloo Road	$10,000,000	1,062 sq.ft.	$9,413/sq.ft.	
3.	29/10/2016	16120902320279	P-ASP	1/F, 288A Prince Edward Road West	$9,800,000	1,184 sq.ft.	$8,277/sq.ft.	with 1 cps
4.	22/10/2016	16112200950018	P-ASP	4/F, 288A Prince Edward Road West	$12,300,000	1,184 sq.ft.	$10,388/sq.ft.	with 1 cps

En-bloc

No.	Date of Instance	Memorial No.	Nature #	Comparable	Price	Saleable Area	Unit Rate	Remarks
1.	16/12/2016	17011000570012	ASP	294-296A Waterloo Road	$516,000,000	17,793 sq.ft.	$29,001/sq.ft.	
2.	05/09/2014	14100601570012	ASP	301, 301A-C, Prince Edward Road West	$165,496,000	8,736 sq.ft.	$18,944/sq.ft.	75% shares

Notes:

ASP refers to agreement for sale and purchase
P-ASP refers to the provisional agreement for sale and purchase

4. the potential for the redevelopment to a residential building.

The purchase cost of the 2nd Acquisition is HK$41,800,000 which is slightly higher than the APD Valuation HK$37,000,000 as set out in the valuation report (Appendix IV to this circular), but the Directors have taken into account the average purchase price per sq.ft. of the Property-2 is approximately HK$25,379 which falls within the scope of the above item 3 relating to the unit rate per sq.ft. of en block residential buildings, the Directors believe that the redevelopment value should be higher than the VP Valuation and APD Valuation because the Building site is in Kowloon Tong and Kowloon Tong is a traditional luxury residential area of the higher income groups. Due to the residential market is going upward recently, and rare en-bloc is to be sold in Kowloon Tong, therefore the potential for residential redevelopment is high, therefore the Directors have a view that the 2nd Acquisition is in the interests of the Group and is on normal commercial terms, which is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The completion of the 2nd Acquisition is on or before 6 October 2017 and the Group shall fund the 2nd Acquisition from internal resources and/or bank facilities. The consideration of HK$21,800,000 will be settled by bank balances and cash and of HK$20,000,000 by bank loan to be drawn in October 2017. As at the Latest Practicable Date, the bank balances and cash of the Group was HK$62,400,000.

AGGREGATE ACQUISITIONS

The Aggregate Consideration for the transactions of the 1st Acquisition and 2nd Acquisition is HK$374,669,023.25. Although the Aggregate Consideration is higher than the site value with vacant possession of HK$357,000,000 as set out in the property valuation report (Appendix IV to the circular), the Directors believes that the redevelopment value should be higher than the VP Valuation because its prime location and its potential for residential redevelopment, therefore the Directors have a view that the Aggregate Acquisitions is in the interests of the Group and is on normal commercial terms, which is fair and reasonable and in the interests of the Group and Shareholders as a whole.

FUTURE FUND RAISING EXERCISES

As at the Latest Practicable Date, the Company does not have any concrete fund raising plans in the next 12 months. The Company shall make further announcements in the future in accordance with the Listing Rules as and when appropriate if any suitable fund raising opportunities arise, having regard to the financial needs, redevelopment plans and circumstances of the Company at the time.

As at the Latest Practicable Date, the Company has no plan, arrangement, understanding or intention for any potential acquisitions, and no negotiations were taking place in relation to any potential new acquisition.

REASONS FOR AND BENEFITS OF THE AGGREGATE ACQUISITIONS

The Group's principal businesses are in property investment, property development, securities investment and loan financing business.

The Group currently holds various commercial, industrial and residential properties in Hong Kong.

As at the Latest Practicable Date, the Group via GCHL, a wholly-owned subsidiary of the Company, owned the Property-1.

The Group acquires the Property-2 so as to be the owner of the whole Building and shall consider the global and local environmental factors including but without limitation to the governments measures, interest rates, land sale results and the climate on property markets before commencing the redevelopment.

The Directors are of the view that for the potential in future development of the site into a residential building, the aggregate consideration for the 1st Acquisition and the 2nd Acquisition and the transactions contemplated herein is in the interests of the Group and is on normal commercial terms, which are fair and reasonable and in the interests of the Shareholders as a whole.

FINANCIAL EFFECTS OF THE AGGREGATE ACQUISITIONS

Earnings

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, the loss for the year will increase by approximately HK$0.9 million for the transaction costs for the Aggregate Acquisitions.

Property-2 is in vacant possession and therefore all the rental income will be generated from the Property-1, based on the rental income generated for the year from 1 April 2016 to 31 March 2017, it will generate approximately HK$194,000 per annum on the Group's earnings on rental income.

Assets and Liabilities

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, the effect of the Aggregate Acquisitions is that properties held for development for sale will increase by approximately HK$407.94 million; trade and other receivables will increase by approximately HK$52.08 million; bank balances and cash will decrease by approximately HK$460.88 million; and trade and other payables will increase by approximately HK$0.04 million.

The Group has drawn down bank facilities to settle part of the consideration under the 1st Acquisition. The drawn down amount has been included and disclosed in the statement of indebtedness as at 30 June 2017 as set out in Appendix I to this circular.

INFORMATION OF THE SELLER, THE COMPANY AND THE PURCHASER

The Seller is an individual person and is the registered owner of the Property-2.

The Group's principal business are property investment, property development, securities investment and loan financing business.

The purchaser is GCHL, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company. As at the Latest Practicable Date, it sole assets are the Property-1.

SGM

The Aggregate Acquisitions constitutes a very substantial acquisition for the Company under the Listing Rules, for which Shareholders' approval is required. At present, no Shareholder is required to abstain from voting on the approval of the Aggregate Acquisitions.

A notice convening the SGM to be held on Monday, 4 September 2017 at 9:00 a.m. at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong for the purpose of considering and, if thought fit, approving, among other things, the Aggregate Acquisitions is set out on pages N-1 to N-2 of this circular. Whether or not Shareholders are able to attend the meeting, they are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM. Completion and return of the proxy form will not preclude the Shareholders from subsequently attending and voting in person at the SGM or any adjournment thereof should they so wish.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' eligibility to attend and vote at the SGM, the register of members will be closed from Wednesday, 30 August 2017 to Monday, 4 September 2017, both days inclusive. During such period, no share transfers of the Company will be registered. In order to qualify to attend and vote at the SGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 29 August 2017.

RECOMMENDATION

The Board considers that the 2nd Acquisition and the Aggregate Acquisitions are fair and reasonable and in the interest of the Company and Shareholders as a whole. The Board therefore recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the 2nd Acquisition and the Aggregate Acquisitions and matters ancillary thereto as set out in the notice of SGM.

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
Tse Wing Chiu Ricky
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:

For the year ended	Published date of annual report	Pages
31 March 2017	29 June 2017	69 – 173
http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0629/LTN20170629279.pdf		
31 March 2016	25 July 2016	60 – 161
http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0725/LTN20160725123.pdf		
31 March 2015	22 July 2015	57 – 153
http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0722/LTN20150722096.pdf		

For the year ended 31 March 2015

Overall

For the year ended 31 March 2015, the Group recorded a turnover of HK$649,475,000, representing an increase of HK$373,718,000 or 135.5% from HK$275,757,000 for the year 2014.

Profit attributable to owners of the Company for the year ended 31 March 2015 amounted to HK$202,867,000 (2014: profit of HK$13,036,000). The increase in profit of HK$189,831,000 was primarily attributable to, among other things, profit generated from the property development operations and the gain on fair value changes of investments held for trading.

The basic earnings per share for the year ended 31 March 2015 was HK$2.55 (2014: basic earnings per share of HK$0.16).

The Board has recommended the payment of final dividend of HK$0.10 per share for the year ended 31 March 2015 (the "**Final Dividend**") (2014: HK$0.10 per share).

Dividend was paid on 9 September 2015 to the shareholders whose names appear on the register of members of the Company on 26 August 2015.

During the year, the Group was principally engaged in property investment, property development, garment sourcing and export businesses, loan financing and investment in securities.

(i) Property Investment

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

Turnover of the Group's property rental for the year under review was HK$74,199,000 (2014: HK$63,433,000), an increase of HK$10,766,000 or 17% over the last year mainly due to positive rental reversions in Hong Kong. The Group's investment properties comprise mainly residential, commercial and industrial properties.

As at 31 March 2015, the Group's commercial and residential rental properties in Hong Kong and Singapore were leased 95.8% and 100% respectively. The industrial rental properties continued to maintain a high occupancy rate of 93.2%. The property management fee income was HK$721,000 (2014: HK$547,000).

At the year end date, the Group based on professional valuations accounted for a decrease in fair value gain of investment properties to HK$26,370,000 (2014: HK$40,714,000).

On 30 April 2014, Easyknit Enterprises Holdings Limited ("**EE**"), a subsidiary of the Company, entered into a provisional sale and purchase agreement with an independent third party to acquire a property situated at the ground floor, No. 15 Matheson Street, Causeway Bay, Hong Kong at a consideration of HK$236,800,000. This transaction was approved by the shareholders of EE in the special general meeting of EE held on 18 June 2014 and the completion of sale and purchase took place on 20 August 2014.

The Group has 8 blocks of factory premises and 4 blocks of dormitories with a total gross floor areas of approximately 89,229 sq.m. in Huzhou, PRC.

The Group regularly reviews the existing tenant composition and seeks to enhance its optimum mix. The Group also continues to replenish its investment property portfolio by selecting and locating prospective retail acquisition targets. The Group believes that a well-balanced portfolio provides a steady rental income and a good potential for capital appreciation in the long run.

(ii) Property Development

A residential project, namely PAXTON, at No. 311-313 Prince Edward Road West, Kowloon, Hong Kong which offers about 49 units of 74,285 square feet gross floor area has been formally launched with grand opening in July 2014. For the year ended 31 March 2015, the total revenue derived from the property sales of PAXTON was HK$394,448,000.

On 16 June 2014, Hansford International Investment Limited ("**Hansford**"), a wholly-owned subsidiary of the Company, entered into a development agreement with an independent third party for a joint redevelopment of a building located at Nos. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong ("**Project 301**") of which the Group is the registered owner of 9 out of 12 units and the independent third party is the registered owner of the remaining 3 units. The aggregate redevelopment cost is presently estimated to be approximately HK$540 million. The Group and the independent third party will bear the cost and share the economic interests in the joint redevelopment on a 75:25 basis. Details of the joint redevelopment are set out in the circular of the Company dated 4 July 2014.

For the reason of being more effective in the administration and in better risk management, the Group has undergone a group restructuring to effect Hansford, as one of the developers of Project 301, changed to Gold Asset Investment Limited ("**Gold Asset**") on 5 September 2014. Both Hansford and Gold Asset are wholly-owned subsidiaries of the Company.

The foundation works of Project 301 is now underway.

On 5 September 2014, Easyknit Properties Holdings Limited, a wholly-owned subsidiary of the Company and EE entered into a sale and purchase agreement in relation to the sale and purchase of the sale share of Kingbest Capital Holdings Limited (as supplemented by an agreement entered into on 15 September 2014 by Easyknit Properties Holdings Limited and EE, whereby EE will indirectly acquire the site located at No. 14 and 16 Inverness Road, Kowloon Tong, Kowloon, Hong Kong and the sale loan at a consideration of HK$340 million). This transaction was approved by the shareholders of EE in the special general meeting of EE held on 20 October 2014 and the completion of sale and purchase took place on 21 November 2014.

On 30 October 2014, EE entered into five provisional sale and purchase agreements with independent third parties to acquire the properties situated at No. 18 and 20 Inverness Road, Kowloon Tong, Kowloon, Hong Kong at an aggregate consideration and other related expenses of HK$169,500,000. This transaction was approved by the shareholders of EE in the special general meeting of EE held on 12 January 2015 and the completion of sale and purchase took place on 15 January 2015.

EE planned to redevelop No. 14, 16, 18 and 20 Inverness Road, Kowloon Tong, Kowloon, Hong Kong (the "**Inverness Road Project**"). The general building plan to redevelop the Inverness Road Project has been submitted to Buildings Department in January 2015. The demolition works at No. 14 and 16 Inverness Road has been completed and the demolition works at No. 18 and 20 Inverness Road has also commenced in May 2015.

On 18 March 2015, EE entered into ten provisional sale and purchase agreements with independent third parties to acquire the ten property units situated at 1st floor, 2nd floor, 3rd floor, 4th floor, 5th floor and the roof of No. 11 and 13 Matheson Street, Causeway Bay, Hong Kong at an aggregate consideration and the related expenses of HK$183,000,000. This transaction was approved by the shareholders of EE in the special general meeting of EE held on 11 May 2015 and the completion of sale and purchase took place on 17 June 2015.

(iii) Garment Sourcing and Export Businesses

For the year ended 31 March 2015, this segment recorded a turnover of HK$172,082,000 (2014: HK$96,969,000) representing 77.5% increase comparing with 2014. Cost of sales for the year amounted to HK$155,172,000 (2014: HK$86,361,000) and the loss of this business segment was HK$3,660,000 (2014: HK$2,077,000).

(iv) Investment in Securities

The Group has maintained a portfolio of listed equity securities in Hong Kong. For the year ended 31 March 2015, this business segment has recorded a profit of HK$126,573,000 (2014: HK$8,564,000).

Liquidity and Financial Resources

The Group financed its operation through internally generated cash flow and bank borrowings. As at 31 March 2015, the Group's bank borrowings amounted to HK$1,537,826,000 (2014: HK$1,741,162,000). The gearing ratio of the Group, calculated as a ratio of total borrowings to total equity, for the year was 0.39 (2014: 0.51).

As at 31 March 2015, the Group has net current assets of HK$1,587,915,000 (2014: HK$2,454,382,000). Current ratio was 2.5 (2014: 21.5). The bank balances and cash as at 31 March 2015 was HK$378,520,000 (2014: HK$601,139,000).

Capital Structure

During the year, there was no change to the share capital of the Company. As at 31 March 2015, the total number of issued ordinary shares of the Company was 79,420,403 shares.

Charge on Group Assets

As at 31 March 2015, bank loans amounting to HK$1,537,826,000 (2014: HK$1,741,162,000) were secured by investment properties, properties held for development for sale and deposit and prepayments for a life insurance policy of the Group having a net book value of HK$3,229,175,000 (2014: HK$3,074,249,000).

Exposure on Foreign Exchange Fluctuations

Most of the Group's revenues and payments are in Hong Kong dollars, US Dollars, Singapore dollars and Renminbi. During the year, the Group did not have significant exposure to the fluctuation in exchange rates and thus, no financial instrument for hedging purposes was employed. The directors considered the risk of exposure to the currency fluctuation to be minimal.

Material Acquisitions and Disposals

Interest in Easyknit Enterprises Holdings Limited

(i) Conversion of 2014 Convertible Note of EE

On 16 January 2014, the Company through its wholly owned subsidiary, Goodco Development Limited, subscribed 2% coupon rate convertible note in an aggregate principal amount of HK$100,000,000 issued by EE ("**EE 2014 Convertible Note**"), which is convertible into ordinary shares of EE ("**EE Share(s)**") during the five-year period commencing from 27 March 2014.

On 3 April 2014, the EE 2014 Convertible Note in the principal amount of HK$20,000,000 was converted to 29,411,764 EE Shares at the then conversion price of HK$0.68 per EE Share.

On 29 August 2014, the EE 2014 Convertible Note in the principal amount of HK$60,000,000 was converted to 93,457,943 EE Shares at the then conversion price of HK$0.642 per EE Share.

As at the date of this report, the outstanding principal amount of the EE 2014 Convertible Note is HK$20,000,000, which is convertible into EE Shares at the prevailing conversion price of HK$10.65 per EE Share (subject to adjustment).

(ii) Deemed Disposal of Interests in EE

Upon the completion of placing of 65,200,000 new EE Shares by EE to independent investors on 18 June 2014, the Group's interests in EE was diluted from 42.02% to 35.02%. Therefore, such placing was treated as a deemed disposal of the interests in EE by the Group.

On 22 August 2014, the Group's interest in EE was further diluted from 35.02% to 29.20% upon the completion of placing of 78,000,000 new EE Shares by EE to independent investors. As a result, such placing was treated as a deemed disposal of the interests in EE by the Group.

(iii) Subscriptions of Rights Shares of EE

On 5 September 2014, the Group has undertaken to EE and the underwriter on the subscription of the rights shares of EE for a total of 184,361,096 rights shares which were allotted and taken up in full on 14 November 2014, the subscription cost amounted to approximately HK$129,053,000.

On 2 February 2015, the Group has undertaken to EE and the underwriter on the subscription of the rights shares of EE for a total of 207,406,220 rights shares which were allotted and taken up in full on 22 April 2015, the subscription cost amounted to approximately HK$134,814,000.

The Group did not apply any excess rights shares in the above rights issues. Details of the subscriptions of rights shares were set out in the Company's circular dated 26 September 2014 and 2 March 2015, respectively.

As at 31 March 2015, the Company, through its wholly-owned subsidiaries, Landmark Profits Limited and Goodco Development Limited, was interested in 10,370,311 EE Shares, representing approximately 40.96% of the issued share capital of EE. EE was a subsidiary of the Company as at 31 March 2015.

Disposal of Kingbest Capital Holdings Limited

On 5 September 2014, EE and Easyknit Properties Holdings Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement in relation to the sale and purchase of the sale share of Kingbest Capital Holdings Limited (as supplemented by an agreement entered into on 15 September 2014 by EE and Easyknit Properties Holdings Limited, whereby EE will indirectly acquire the site located at No. 14 and 16 Inverness Road, Kowloon Tong, Kowloon, Hong Kong and the sale loan at a consideration of HK$340 million). The shareholders' approval of the resolution relating to the disposal has been obtained in the special general meeting of the Company held on 20 October 2014. The disposal has been completed on 21 November 2014 and Kingbest Capital Holdings Limited becomes a subsidiary of EE.

Save as disclosed above, the Group had no material acquisitions or disposals of subsidiaries or associated companies during the year ended 31 March 2015.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2015 (2014: nil).

Capital Expenditure

During the year, the Group spent HK$624,000 (2014: HK$21,000) on the acquisition of property, plant and equipment.

Capital Commitments

As at 31 March 2015, the Group has capital commitments of HK$8,669,000 (2014: HK$24,356,000).

Changes in Fair Value of Investment Properties

As at 31 March 2015, the gain arising on changes of fair value of investment properties decreased by 35.2% or HK$14,344,000 to HK$26,370,000 (2014: gain of HK$40,714,000).

Finance Costs

Finance costs was HK$45,042,000, increased by HK$30,684,000 or 213.7% for the year from HK$14,358,000 in 2014.

Employees

As at 31 March 2015, the Group had a total of 57 employees (2014: 56 employees). Staff costs (including directors' emoluments) amounted to HK$31,394,000 for the year under review (2014: HK$47,143,000). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has set out the Mandatory Provident Fund Scheme for the Hong Kong's employees and has made contributions to the state-sponsored pension scheme operated by the PRC government for the PRC employees. The Group has two share option schemes to motivate employees.

For the year ended 31 March 2016

Overall

For the year ended 31 March 2016, the Group recorded a turnover from continuing operations was HK$678,516,000, representing an increase of HK$221,531,000 or 48.5% from HK$456,985,000 for the year 2015.

Profit attributable to owners of the Company for the year ended 31 March 2016 from continuing and discontinued operations amounted to HK$164,642,000 (2015: profit of HK$222,606,000). The decrease in profit of HK$57,964,000 was primarily attributable to, among other things, loss on changes in fair value of investment properties of HK$33,238,000 as compared to last year fair value gain of HK$34,525,000.

The basic earnings per share from continuing and discontinued operations for the year ended 31 March 2016 was HK$1.75 (2015: basic earnings per share of HK$2.55).

The Board has recommended the payment of final dividend of HK$0.10 per share for the year ended 31 March 2016 ("**Final Dividend**") (2015: HK$0.10 per share).

Dividend was paid on 19 September 2016 to the shareholders whose names appear on the register of members of the Company on 2 September 2016.

During the year, the Group was principally engaged in the property investment, property development, securities investment and money lending business.

(i) Property Investment

The Group has investment properties in Hong Kong only.

Turnover of the Group's property rental for the year was HK$55,007,000 (2015: HK$54,943,000), a slight increase of approximately HK$64,000 or 0.1% over the last year. The Group's investment properties comprise residential, commercial and industrial properties.

As at 31 March 2016, the Group's commercial and residential investment properties were 100% leased out. The industrial investment properties in Hong Kong continued to maintain a high occupancy rate of 89.7%. The property management fee income was HK$881,000 (2015: HK$721,000).

(ii) Property Development

A residential project, namely PAXTON, at No. 311-313 Prince Edward Road West, Kowloon, Hong Kong which offers about 49 units of 74,285 square feet gross floor area was formally launched in July 2014. For the year under review, the total revenue derived from the property sales of PAXTON was HK$599,484,000 (2015: HK$394,448,000).

The foundation works on the redevelopment of Project 301 at the site of Nos. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong has been completed in February 2016; and it is expected to be launched in the year 2017.

(iii) Securities Investment

The Group maintains a security portfolio with a strategy of diversification to reduce effects of price fluctuations of any single securities.

For the year ended 31 March 2016, the Group held trading securities in the amount of HK$64,695,000 as compared to HK$325,435,000 as at 31 March 2015, representing a 80.1% decrease. It was derived from: (1) the disposal of trading securities during the year which had a cost or fair value as at 31 March 2015 of HK$240,350,000; and (2) purchase of trading securities of HK$74,396,000 during the year; and (3) on deemed disposal of subsidiaries of HK$132,373,000; and (4) net increase in market value in the amount of HK$37,587,000 of the trading securities.

From continuing operations, the Group recognised (1) gain on fair value changes of trading securities for the year of HK$27,604,000 (2015: HK$74,248,000); (2) loss of HK$38,504,000 (2015: nil) on fair value changes of financial assets designated at fair value through profit or loss; and (3) gain of HK$57,915,000 (2015: nil) on disposal of available-for-sale investments. This segment recorded a profit of HK$70,328,000 (2015: HK$82,720,000).

Eminence Enterprise Limited

With effect from 12 June 2015, the financial results of this business segment was classified as the discontinued operation because Eminence Enterprise Limited ("**Eminence**", formerly known as Easyknit Enterprises Holdings Limited) was changed from a subsidiary to an associate of the Company due to the deemed disposal of the Group's effective interests from 40.96% to 34.41% in Eminence. The deemed disposal of interests is caused by the issuing of a convertible note by Eminence to an independent third party.

During the year, the turnover of this business segment contributed to the Group amounted to HK$14,858,000 (2015: HK$192,490,000) and recorded the loss of HK$510,376,000 (2015: profit of HK$32,512,000) from the discontinued operation.

Financial Review

	Year ended 31 March		
	2016	2015	Change
	HK$'000	*HK$'000*	*HK$'000*
Continuing Operations			
Turnover	**678,516**	456,985	221,531
Gross profit	**286,234**	201,973	84,261
Gross profit margin	**42.2%**	44.2%	(2.0%)
Distribution and selling expenses	**(82,819)**	(39,560)	(43,259)
Administrative expenses	**(58,905)**	(33,239)	(25,666)
Finance costs	**(23,815)**	(39,932)	16,117
Profit before taxation	**707,344**	207,024	500,320
Taxation charge	**(32,326)**	(16,930)	(15,396)
Profit for the year from continuing operations	**675,018**	190,094	484,924
(Loss) profit for the year from discontinued operations	**(510,376)**	32,512	(542,888)
Net profit for the year from continuing and discontinued operations	**164,642**	222,606	(57,964)
Net profit margin	**24.3%**	48.7%	(24.4%)
Earnings per share			
Basic	**HK$1.75**	HK$2.55	(HK$0.80)

Revenue

Group revenue from continuing operations for the year ended 31 March 2016 increased by 48.5% to HK$678,516,000 compared with last year. The increase in revenue was primarily generated from the sale of Paxton units.

Gross Profit/Margin

Gross profit for this year was HK$286,234,000, an increase of HK$84,261,000 or 41.7% compared to the HK$201,973,000 in last year. Gross profit margin for this year also decreased from 44.2% to 42.2%.

Profit before Taxation

Profit before taxation for the year ended 31 March 2016 was HK$707,344,000, as compared with last year of HK$207,024,000. It was mainly due to the share of results of associates of HK$559,147,000.

Selling and distribution costs increased from HK$39,560,000 to HK$82,819,000, an increase of 109.4% compared with the last year. It was mainly attributable to the increase of sale of PAXTON.

Administrative expenses were HK$58,905,000, an increase of 77.2% over last year of HK$33,239,000.

During the year under review, there was loss on changes in fair value of investment properties to HK$33,238,000 for Hong Kong investment properties.

Finance costs was HK$23,815,000, decreased by HK$16,117,000 or 40.4% for the year from HK$39,932,000 in 2015 due to the reduction of bank borrowings during the year.

Profit Attributable to Shareholders and Earnings per Share

Profit for the year from continuing and discontinued operations of the Company for the year ended 31 March 2016 was HK$164,642,000, a decrease of HK$57,964,000 or 26.0% as compared to last year. Net profit margin is decreased from 48.7% to 24.3%.

Taxation charge increased 90.9% to HK$32,326,000 from last year of HK$16,930,000.

Basic earnings per share from continuing and discontinued operations for the year 31 March 2016 was HK$1.75 as compared to HK$2.55 in last year.

Liquidity and Financial Resources

The Group financed its operation through internally generated cash flow and bank borrowings. As at 31 March 2016, the Group's bank borrowings amounted to HK$902,021,000 (2015: HK$1,537,826,000). The gearing ratio of the Group, calculated as a ratio of total borrowings to total equity, for the year was 0.29 (2015: 0.39).

As at 31 March 2016, the Group has net current assets of HK$713,897,000 (2015: HK$1,587,915,000). Current ratio was 3.0 (2015: 2.5). The bank balances and cash as at 31 March 2016 was HK$12,332,000 (2015: HK$378,520,000).

Capital Structure

During the year, there was no change to the share capital of the Company. As at 31 March 2016, the total number of issued ordinary shares of the Company was 79,420,403 shares.

Charge on Group Assets

As at 31 March 2016, bank loans amounting to HK$902,021,000 (2015: HK$1,537,826,000) were secured by investment properties, properties held for development for sale, properties held for sale and deposit and prepayments for a life insurance policy of the Group having a net book value of HK$2,183,285,000 (2015: HK$3,229,175,000).

Exposure on Foreign Exchange Fluctuations

Most of the Group's revenues and payments are in Hong Kong dollars, US Dollars and Singapore dollars. During the year, the Group did not have significant exposure to the fluctuation in exchange rates and thus, no financial instrument for hedging purposes was employed. The directors considered the risk of exposure to the currency fluctuation to be minimal.

Material Acquisitions and Disposals

Interest in Eminence

(i) Deemed Disposal of Interests in Eminence

Upon the completion of issuing a convertible note in a principal amount of HK$86,000,000 to an independent party by Eminence on 12 June 2015, the Group's effective interest in Eminence, assuming the full conversion of convertible note by convertible noteholder, was diluted from approximately 40.96% to 34.41%. Therefore, it was treated as a deemed disposal of the interests in Eminence by the Group, and Eminence became an associate of the Company.

(ii) Subscriptions of Rights Shares of Eminence

During the year, the Group has undertaken to Eminence and the underwriter on the subscription of the rights shares of Eminence for a total of 435,553,040 rights shares which were allotted and taken up in full on 3 November 2015, the subscription cost amounted to approximately HK$209,065,500.

The Group did not apply any excess rights shares in the above rights issue.

As at the date of this report, the Company, through its wholly-owned subsidiaries, Landmark Profits Limited and Goodco Development Limited, is interested in 457,330,692 shares of Eminence, representing approximately 40.96% of the issued share capital of Eminence.

Disposal of Properties Group

On 6 August 2015, Eminence and Easyknit Properties Holdings Limited, a wholly-owned subsidiary of the Company, entered into 4 sets of sale and purchase agreements in relation to the purchase of all the issued shares and sale loan of the properties group at a total consideration of HK$240 million. The disposal has been completed on 11 November 2015. The properties group has 11 properties comprises 6 residential units (3 units in Hong Kong and 3 units in Singapore) and 5 industrial units.

Save as disclosed above, the Group had no material acquisitions or disposals of subsidiaries or associated companies during the year.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2016 (2015: nil).

Capital Expenditure

During the year under review, the Group spent approximately HK$3,091,000 (2015: HK$624,000) on the acquisition of property, plant and equipment, and spent approximately HK$119,000 (2015: HK$293,655,000) on addition of investment properties.

Capital Commitments

As at 31 March 2015, the Group had capital commitments in respect of capital expenditure contracted for but not provided of HK$8,669,000.

Employees

As at 31 March 2016, the Group had a total of 23 employees (2015: 57 employees). Staff costs (including directors' emoluments) amounted to HK$37,304,000 for the year under review (2015: HK$31,394,000). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has set out the Mandatory Provident Fund Scheme for the Hong Kong's employees. The Group has a share option scheme to motivate employees.

For the year ended 31 March 2017

Overall

For the year ended 31 March 2017, the Group recorded a revenue from continuing operations of HK$529,475,000, representing a decrease of HK$149,041,000 or 22.0% from HK$678,516,000 for the year 2016.

Loss attributable to owners of the Company for the year ended 31 March 2017 from continuing and discontinued operations amounted to HK$243,846,000 (2016: profit of HK$164,642,000). The loss of HK$243,846,000 was primarily from results attributable to interests in associates of HK$371,364,000. If such amount was excluded, the Group shall have a profit attributable to owners of the Company of HK$127,518,000.

The basic and diluted loss per share from continuing and discontinued operations for the year ended 31 March 2017 was HK$3.07 (2016: basic and diluted earnings per share of HK$1.75).

The Board recommends the payment of a final dividend of 5 HK cents per share (2016: 10 HK cents per share) for the year ended 31 March 2017 to the shareholders of the Company ("**Shareholders**") subject to the approval of the Shareholders at the forthcoming 2017 annual general meeting ("**2017 AGM**").

Dividend warrants of the proposed final dividend are expected to be despatched to the Shareholders on 28 August 2017.

During the year, the Group was principally engaged in the property investment, property development, securities investment and loan financing business.

(i) Property Investment

The Group has investment properties in Hong Kong only.

Revenue of the Group's property rental for the year was HK$51,664,000 (2016: HK$55,007,000), a decrease of approximately HK$3,343,000 or 6.1% over the last year. The Group's investment properties comprise residential, commercial and industrial properties.

As at 31 March 2017, the Group's commercial and residential investment properties were 100% leased out. The industrial investment properties in Hong Kong continued to maintain a high occupancy rate of 88.8%. The property management fee income was HK$834,000 (2016: HK$881,000).

(ii) Property Development

A residential project, namely Paxton, at No. 311-313 Prince Edward Road West, Kowloon, Hong Kong which offers about 49 units of 74,285 square feet gross floor area was launched in July 2014. For the year under review, the total revenue derived from the property sales of Paxton was HK$456,601,000 (2016: HK$599,484,000).

Another residential development project known as No. 6 La Salle Road, Kowloon, Hong Kong, which is expected to be launched in late 2017.

(iii) Securities Investment

The Group maintains a securities portfolio with a strategy of diversification to reduce effects of price fluctuations of any single securities.

For the year ended 31 March 2017, the Group held trading securities in the amount of HK$287,493,000 as compared to HK$64,695,000 as at 31 March 2016, representing an 344.4% increase. It was derived from (1) the disposal of trading securities during the year which had a cost or fair value as at 31 March 2017 of HK$40,314,000; (2) purchase of trading securities of HK$274,436,000 during the year; and (3) net decrease in market value in the amount of HK$11,324,000 of the trading securities.

From continuing operations, the Group recognised (1) loss on fair value changes of trading securities for the year of HK$8,773,000 (2016: gain of HK$27,604,000); (2) loss of HK$2,328,000 (2016: HK$38,504,000) on fair value changes of financial assets designated at fair value through profit or loss; and (3) gain of HK$43,989,000 (2016: HK$57,915,000) on disposal of available-for-sale investments. This segment recorded a profit of HK$50,921,000 (2016: HK$70,328,000).

(iv) Loan Financing

For the year ended 31 March 2017, this segment recorded a revenue of HK$20,376,000 (2016: HK$23,144,000) representing 12.0% decrease comparing with the year 2016.

Financial Review

	Year ended 31 March		
	2017	2016	Change
	HK$'000	*HK$'000*	*HK$'000*
Continuing Operations			
Revenue	**529,475**	678,516	(149,041)
Gross profit	**233,184**	286,234	(53,050)
Gross profit margin	**44.0%**	42.2%	1.8%
Distribution and selling expenses	**(64,829)**	(82,819)	17,990
Administrative expenses	**(52,485)**	(58,905)	6,420
Finance costs	**(17,203)**	(23,815)	6,612
(Loss) profit before taxation	**(219,885)**	707,344	(927,229)
Taxation charge	**(23,961)**	(32,326)	8,365
(Loss) profit for the year from continuing operations	**(243,846)**	675,018	(918,864)
Loss for the year from discontinued operations	**–**	(510,376)	510,376
(Loss) profit for the year from continuing and discontinued operations	**(243,846)**	164,642	(408,488)
Net (loss) profit margin	**(46.1%)**	24.3%	(70.4%)
(Loss) earnings per share			
Basic and diluted	**(HK$3.07)**	HK$1.75	(HK$4.82)

Revenue

The Group revenue from continuing operations for the year ended 31 March 2017 decreased by 22.0% to HK$529,475,000 compared with last year. Such decrease in revenue was mainly because most of the sale of Paxton units have been recorded in the last financial year.

Gross Profit/Margin

Gross profit for this year was HK$233,184,000, a decrease of HK$53,050,000 or 18.5% compared to HK$286,234,000 in last year. Gross profit margin for this year increased from 42.2% to 44.0%.

Loss before Taxation

Loss before taxation for the year ended 31 March 2017 was HK$219,885,000, as compared with last year profit of HK$707,344,000. It was mainly due to the results attributable to deemed disposal of interests in associates of HK$371,364,000.

Distribution and selling expenses decreased from HK$82,819,000 to HK$64,829,000, a decrease of 21.7% compared with the last year. It was mainly attributable to the decrease of sale of Paxton.

Administrative expenses were HK$52,485,000, a decrease of 10.9% over last year of HK$58,905,000.

During the year under review, there was gain on changes in fair value of investment properties amounting to HK$21,877,000 for Hong Kong.

Finance costs was HK$17,203,000, decreased by HK$6,612,000 or 27.8% for the year from HK$23,815,000 in 2016 due to the reduction of bank borrowings during the year.

Loss/Profit Attributable to Owners of the Company and Loss/Earnings per Share

Loss for the year from continuing and discontinued operations of the Company for the year ended 31 March 2017 was HK$243,846,000 (2016: profit of HK$164,642,000). Net loss margin of this year is 46.1% as compared to the net profit margin of 24.3% of last year.

Taxation charge decreased by 25.9% to HK$23,961,000 from last year of HK$32,326,000.

Basic and diluted loss per share from continuing and discontinued operations for the year 31 March 2017 was HK$3.07 as compared to basic and diluted earnings per share HK$1.75 in last year.

Liquidity and Financial Resources

The Group financed its operation through internally generated cash flow and bank borrowings. As at 31 March 2017, the Group's bank borrowings amounted to HK$899,482,000 (2016: HK$902,021,000). The gearing ratio of the Group, calculated as a ratio of total borrowings to total equity, for the year was 0.32 (2016: 0.29).

As at 31 March 2017, the Group has net current assets of HK$1,058,122,000 (2016: HK$713,897,000). Current ratio was 3.8 (2016: 3.0). The bank balances and cash as at 31 March 2017 was HK$25,473,000 (2016: HK$12,332,000).

Capital Structure

During the year, there was no change to the share capital of the Company. As at 31 March 2017, the total number of issued ordinary shares of the Company was 79,420,403 shares.

Charge on Group Assets

As at 31 March 2017, bank loans amounting to HK$899,482,000 (2016: HK$902,021,000) were secured by investment properties, properties held for development for sale, properties held for sale, deposit and prepayments for a life insurance policy and financial assets designated as at fair value through profit or loss of the Group having a net book value of HK$2,160,596,000 (2016: HK$2,183,285,000).

Exposure on Foreign Exchange Fluctuations

Most of the Group's revenues and payments are in Hong Kong dollars. During the year, the Group did not have significant exposure to the fluctuation in exchange rates and thus, no financial instrument for hedging purposes was employed. The directors considered the risk of exposure to the currency fluctuation to be minimal.

Material Acquisitions and Disposals

The Group had no material acquisitions or disposals of subsidiaries or associated companies during the year.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2017 (2016: nil).

Capital Expenditure

During the year under review, the Group spent approximately HK$7,636,000 (2016: approximately HK$3,091,000) on the acquisition of property, plant and equipment, and spent approximately HK$30,000 (2016: approximately HK$119,000) on addition of investment properties.

Capital Commitments

As at 31 March 2017, the Group had capital commitments in respect of capital expenditure contracted for but not provided of HK$621,000.

Employees

As at 31 March 2017, the Group had a total of 35 employees (2016: 23 employees). Staff costs (including directors' emoluments) amounted to HK$32,628,000 for the year under review (2016: HK$37,304,000). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has set out the Mandatory Provident Fund Scheme for the Hong Kong's employees. The Group has a share option scheme to motivate employees.

2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the Aggregate Acquisitions and the present available financial resources, in the absence of unforeseen circumstances, its expected internal generated funds and the present available banking facilities of the Group, 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 30 June 2017, being the latest practicable date for ascertaining this information prior to the printing of this circular, the Group had outstanding principal amount of bank borrowings of approximately HK$1,261 million, which were both guaranteed by the Company and were secured by certain properties of the Group.

Apart from as disclosed above and intra-group liabilities, the Group did not have at the close of business on 30 June 2017 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 annual report of the Company for the year ended 31 March 2017, the Group will continue focus its efforts on the development of its existing principal businesses: (1) property investment; (2) property development; (3) securities investment; and (4) loan financing services and other potential projects with a view to providing steady returns as well as fruitful growth for the Shareholders.

In Hong Kong, despite additional measures imposed by the government to cool the housing market, the impact on the property market was only short-lived. With the prevailing low interest rates and the record high transacted land prices in the recent land auctions, sentiment in the primary property market has been holding up well, with home buyers' confidence remaining generally strong. In view of favourable market sentiment, the Group will continue to promote the sale of the remaining units of Paxton and it expects the launch of the presale of its residential property development at the site of No. 6 La Salle Road, Kowloon, Hong Kong in late 2017.

In addition, the Group will further extend its principal business and direct its resources to loan financing services and it is expected that such business will continue to be part of the main income stream of the Group.

Meanwhile, the Group will also maintain a stringent financial policy and a prudent cash flow management to ensure reasonable liquidity for the Group's operations as well as for its existing and future investments.

The Directors believe that in such a volatile economic environment, these operation strategies will enable the Group to maintain its competitiveness and mitigate risks, thereby ensuring the Group's sustainable growth.

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 2017, 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 13 April 2017 relating to Good Year Ventures Limited ("**GY**"), a direct wholly-owned subsidiary of the Company, as the purchaser, entered into the agreement with the seller, pursuant to which amongst other things, GY conditionally agreed to acquire, and the seller agreed to sell the sale share and the sale loan at a total consideration of HK$129,788,380.75.

6. MANAGEMENT DISCUSSION AND ANALYSIS ON GCHL

GCHL is an investment holding company and has no material financial interest other than investment in the Property-1 and has not commenced any business operation since its incorporation on 2 March 2017. Set out below is the management discussion and analysis on GCHL for the period from 2 March 2017 (date of incorporation) to 30 April 2017 (the "**Period**").

Financial and Business Review

GCHL had been principally engaged in investment holding during the Period. There are no profits attributable to GCHL.

Capital Structure, Financial Resources and Liquidity

The net asset value of GCHL as at 30 April 2017 is HK$8 and its material assets are the property purchase agreements of Property-1, the deposits paid and the rights under 11 property purchase agreements. The non-current asset was HK$102,303,783 which consisted of deposits paid under the property purchase agreements of Property-1 and stamp duty paid. The current liability of GCHL consists of a shareholder's loan of HK$102,303,775. GCHL financed its operation mainly by loans from its sole shareholder. All loans are unsecured and interest free.

Business Strategies and Future Prospects

Other than investment in the Property-1, GCHL has no any material future prospects.

Other Financial Information of GCHL

Capital Commitment

GCHL did not have any significant capital commitment other than the commitment under the property purchase agreements of Property-1.

Significant Investments

Save as the investment in the Property-1, there was no significant investment held by GCHL during the Period.

Acquisition or Disposal of Subsidiary

GCHL had no acquisition or disposal of subsidiary during the Period.

Employees and Staff Policy

GCHL is an investment holding company and had no employee during the Period.

Pledge of Assets

As at 30 April 2017, GCHL has no pledged assets.

Future Plans for Material Investments or Capital Assets

As at 30 April 2017, save as disclosed in the investment of the Property-1, GCHL has no plans for material investments or capital assets.

Gearing Ratio

As at 30 April 2017, the gearing ratio of GCHL expressed in total bank borrowings as a percentage of net assets was nil%.

Foreign Exchange Exposure

During the Period, the business operation of GCHL is in Hong Kong, therefore GCHL has minimal exposure to foreign exchange and there are no significant amounts of foreign currency denominated monetary assets and liabilities other than Hong Kong dollars.

Contingent Liabilities

As at 30 April 2017, GCHL did not have any significant contingent liabilities.

COSMOS CPA LIMITED
華恩會計師事務所有限公司

Suite 3408, 34th Floor,
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11 August 2017

The Board of Directors
Easyknit International Holdings Limited
Block A, 7th Floor
Hong Kong Spinners Building, Phase 6
481-483 Castle Peak Road
Cheung Sha Wan, Kowloon
HONG KONG

Dear Sirs

INTRODUCTION

We report on the historical financial information of Global Chance Holdings Limited ("GCHL") set out on pages II-4 to II-21, which comprises the statement of financial position as at 30 April 2017 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 2 March 2017 (date of incorporation) to 30 April 2017 (the "Relevant Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-4 to II-21 forms an integral part of this report, which has been prepared for inclusion in the circular of Easyknit International Holdings Limited (the "Company") dated 11 August 2017 in connection with the Company's Very Substantial Acquisition – Acquisition of Properties (the "Circular").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note II to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note II to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical 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 the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of GCHL as at 30 April 2017 and of its financial performance and cash flows for the Relevant Period in accordance with the basis of preparation and presentation set out in Note II to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page II-8 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by GCHL in respect of the Relevant Period.

No historical financial statements for GCHL

As at the date of this report, no statutory financial statements have been prepared for GCHL since its date of incorporation.

Yours faithfully,

Cosmos CPA Limited
Certified Public Accountants

NG Lai Man, Carmen
Practising Certificate Number P03518

Hong Kong
11 August 2017

I. HISTORICAL FINANCIAL INFORMATION

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Period from 2 March 2017 (date of incorporation) to 30 April 2017

	Notes	*HK$*
TURNOVER	*7*	–
Less: Administrative expenses		–
Other operating expenses		–
Finance costs		–
PROFIT/LOSS BEFORE TAXATION	*8*	–
Taxation	*10*	–
NET PROFIT/LOSS FOR THE PERIOD		–
Other comprehensive income		–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		–
BASIC PROFIT/LOSS PER SHARE	*11*	–

STATEMENT OF FINANCIAL POSITION
As at 30 April 2017

	Notes	*HK$*
ASSETS AND LIABILITIES		
NON-CURRENT ASSET		
Deposits and capitalised expenses paid for investment properties		102,303,783
		102,303,783
CURRENT LIABILITY		
Amount due to the shareholder	*13*	(102,303,775)
NET CURRENT LIABILITIES		(102,303,775)
NET ASSETS		8
EQUITY		
Share capital	*14*	8
Retained earnings/accumulated losses		–
TOTAL EQUITY		8

STATEMENT OF CHANGES IN EQUITY

Period from 2 March 2017 (date of incorporation) to 30 April 2017

	Share capital *HK$*	Retained earnings/ accumulated losses *HK$*	Total *HK$*
Issuance of one ordinary share of US$1.00 – *Note 14*	8	–	8
Total comprehensive income for the Relevant Period	–	–	–
Balance at 30 April 2017	8	–	8

STATEMENT OF CASH FLOWS
Period from 2 March 2017 (date of incorporation) to 30 April 2017

	Notes	*HK$*
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/loss before taxation	*8*	–
Adjustment		–
Operating profit/loss before movements in working capital and cash generated from/used in operations		–
Income tax paid		–
NET CASH FROM/USED IN OPERATING ACTIVITIES		–
CASH FLOWS FROM INVESTING ACTIVITY		
Deposits and capitalised expenses paid for investment properties		(102,303,783)
NET CASH USED IN INVESTING ACTIVITY		(102,303,783)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of one ordinary share		8
Advance from the shareholder		102,303,775
NET CASH FROM FINANCING ACTIVITIES		102,303,783
NET INCREASE IN CASH AND CASH EQUIVALENTS		–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE RELEVANT PERIOD		–
CASH AND CASH EQUIVALENTS AT END OF THE RELEVANT PERIOD		–
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances		–

II. NOTES ON THE HISTORICAL FINANCIAL INFORMATION

1. General

Global Chance Holdings Limited ("GCHL") is a private company incorporated in the British Virgin Islands with limited liability and its registered office is located at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands. During the Relevant Period, the principal activity of GCHL is property investment.

The sole founder of GCHL entered into an agreement with Good Year Ventures Limited ("GYVL", a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Easyknit International Holdings Limited, the "Company") on 13 April 2017 to sell his entire share holding and entire loan in GCHL at a total cash consideration of HK$129,788,380.75. Such acquisition by the Company was completed on 23 June 2017 and the Company thereafter becomes the intermediate holding company of GCHL.

No statutory audited financial statements of GCHL for the Relevant Period have been prepared as it was newly incorporated since 2 March 2017 and there are no statutory audit requirements under the relevant rules and regulations in the British Virgin Islands. The Historical Financial Information in this report was prepared based on management accounts of GCHL for the Relevant Period. The directors of GCHL have prepared the financial statements ("Underlying Financial Statements") for the Relevant Period in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Historical Financial Information is presented in Hong Kong dollars ("HK$" or "HKD"), which is the same as the functional and presentation currency of GCHL, and all values are rounded to the nearest dollar except when otherwise indicated.

2. Basis of preparation of historical financial information

As the Company has agreed to continuously provide adequate funds for GCHL to meet in full its financial obligations as they fall due for the foreseeable future and for the coming twelve months from 30 April 2017, the directors are confident that GCHL will be able to meet its financial obligations when they fall due in the foreseeable future and be able to operate on a going concern basis. Accordingly, the Underlying Financial Statements have been prepared on a going concern basis.

3. Application of new and revised Hong Kong financial reporting standards

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Period, GCHL has, throughout the Relevant Period, consistently adopted Hong Kong Accounting Standards ("HKASs"), HKFRSs, amendments and interpretations. GCHL has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

		Effective for accounting periods beginning on or after
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Effective for annual periods beginning on or after a date to be determined

4. Significant accounting policies

The Historical Financial Information has been prepared under historical cost basis and in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance (Cap. 622). Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, GCHL takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below:

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Borrowing costs

Borrowing costs not attributable to qualifying assets are recognised in profit or loss in the Relevant Period in which they are incurred.

Foreign currencies

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the Relevant Period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the Relevant Period.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the Relevant Period. Taxable profits differs from profit before taxation as reported in the statement of profit or loss and other comprehensive income because of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible. GCHL's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the Relevant Period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary difference. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the Relevant Period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the Relevant Period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which GCHL expects, at the end of the Relevant Period, to recover or settle the carrying amount of its assets and liabilities.

For the purpose of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax for the Relevant Period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when GCHL becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

GCHL's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the Relevant Period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transactions costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including bank balance) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the Relevant Period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of impairment loss is recognised as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by GCHL are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of GCHL after deducting all of its liabilities. Equity instruments issued by GCHL are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including amount due to the shareholder) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the Relevant Period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and GCHL has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment

At the end of the Relevant Period, GCHL reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

GCHL as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Related parties

A party is considered to be related to GCHL if:

(1) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over GCHL;

(ii) has significant influence over GCHL; or

(iii) is a member of the key management personnel of GCHL or of a parent of GCHL;

or

(2) the party is an entity where any of the following conditions applies:

(i) the entity and GCHL are members of the same group;

(ii) one entity is an associate or a joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and GCHL are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either GCHL or an entity related to GCHL;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

5. Critical accounting judgments and key sources of estimation uncertainty

In the application of GCHL's accounting policies, which are described in note 4, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

6. Capital risk management

GCHL manages its capital to ensure that GCHL will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. GCHL's overall strategy remains unchanged throughout the Relevant Period.

The capital structure of GCHL consists of net debts, which includes the amount due to the shareholder as disclosed in note 13 and equity attributable to owners of GCHL.

The directors review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with the capital. Based on recommendations of the directors, GCHL will balance its overall capital structure through new share issues as well as raising of debts.

Further, the Company confirmed its willingness to provide sufficient cash and equity support to meet the daily operation requirements to maintain GCHL as a going concern for the coming twelve months from 30 April 2017.

Financial instruments

Categories of financial instruments

	HK$
Financial liabilities	
Amortised cost	
Amount due to the shareholder	102,303,775

Financial risk management objectives and policies

GCHL's major financial instruments include the amount due to the shareholder. Details of this financial instrument are disclosed in note 13. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Liquidity risk

GCHL relies on the shareholder as a significant source of liquidity. The Company has agreed to continuously provide adequate funds for GCHL to meet in full its financial obligations as they fall due for the foreseeable future and to maintain GCHL as a going concern for the coming twelve months from 30 April 2017, the directors are confident that GCHL will be able to meet its financial obligations when they fall due in the foreseeable future and be able to operate on a going concern basis.

Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values.

7. Turnover

GCHL has no turnover during the Relevant Period.

8. Profit/loss before taxation

There are no supporting documents provided by GCHL as to verify the quantum of formation expense and solicitors' fees incurred by GCHL. The sole founder of GCHL has agreed to absorb the abovementioned costs incurred during the Relevant Period and no separate disclosure was made for the above expenses.

9. Director's remuneration and five highest paid employees

(i) Director's remuneration

GCHL has only one director during the Relevant Period.

No remuneration was paid to this director during the Relevant Period and no remuneration was waived by this director during the Relevant Period.

(ii) Employees' remuneration

GCHL has no employee, thus no remuneration was paid to any employees during the Relevant Period.

10. Taxation

No provision for taxation has been made as GCHL had no revenue earned during the Relevant Period. No provision for deferred taxation has been made as the amount involved is insignificant.

11. Basic profit/loss per share

As only one ordinary share was in issue during the Relevant Period, the basic profit/loss per share is equal to the net profit/loss for the Relevant Period.

There were no potential dilutive shares in existence during the Relevant Period.

12. Dividends

No dividends have been paid by GCHL in respect of the Relevant Period.

13. Amount due to the shareholder

The amount due to the shareholder is unsecured and interest-free. As mentioned in note 16 on the Historical Financial Information, the loan was completed for sale to GYVL on 23 June 2017. GYVL confirmed not to demand payment within 12 months after the Relevant Period.

14. Share capital

	30 April 2017
	HK$
Authorised:	
50,000 ordinary shares of US$1.00 each	390,000
Issued and fully paid:	
One ordinary share of US$1.00 each	8

GCHL was incorporated on 2 March 2017 with an authorised share capital of US$50,000 divided into 50,000 ordinary shares of US$1.00 each. On 27 March 2017, one ordinary share of US$1.00 was issued at par to the then sole member to meet the initial capital requirement. Other than the above, there were no changes in GCHL's authorised, issued, and fully paid share capital during the Relevant Period.

15. Capital commitments

During the Relevant Period, GCHL entered into the 11 agreements for sale and purchase (the "Property Purchase Agreements", including inter alia the related provisional agreements for sale and purchase and the removal contracts, where any) of the following units for properties ("Properties") situated at Nos. 93, 93A, 95 and 95A of Waterloo Road, Kowloon, Hong Kong (the "Building") with 11 different property vendors ("Property Vendors") at a total cash consideration of HK$305,384,425.

(a) Unit B on the Ground Floor;

(b) Unit C on the Ground Floor;

(c) Unit D on the Ground Floor;

(d) Unit A on the First Floor;

(e) Unit B on the First Floor;

(f) Unit C on the First Floor;

(g) Unit D on the First Floor;

(h) Unit A on the Second Floor;

(i) Unit B on the Second Floor;

(j) Unit C on the Second Floor; and

(k) Unit D on the Second Floor

At the time for completion of the Property Purchase Agreements, there are 2 tenancy agreements in force for Unit D on the First Floor and Unit D on the Second Floor.

Up to 30 April 2017, GCHL has paid a total of HK$30,538,442.50 as deposits under the Property Purchase Agreements (representing approximately 10% of the total consideration under all the Property Purchase Agreements) to the Property Vendors and HK$71,765,340 for stamp duty. Upon completion of the Property Purchase Agreements on or before 28 June 2017, GCHL will have to pay the balance of the consideration in the sum of HK$274,845,982.50 to the Property Vendors. Details of the subsequent settlements of the balance payment are detailed in note 18 on the Historical Financial Information.

According to the Property Purchase Agreements, GCHL is not required to pay any commission fee to the property agents.

16. Sale share and sale loan agreement

The sole member of GCHL entered into an agreement with GYVL on 13 April 2017 to sell his entire share holding and entire loan in GCHL at a total cash consideration of HK$129,788,380.75. These transactions were completed on 23 June 2017.

17. Related party transactions

GCHL had no other transactions with related parties during the Relevant Period.

18. Events after the Relevant Period

(a) No audited financial statements have been prepared in respect of any period subsequent to 30 April 2017.

(b) Upon execution of the formal agreements, GCHL has preliminary obtained 91.67% undivided shares on all the properties located at Nos. 93, 93A, 95 and 95A of Waterloo Road, Kowloon, Hong Kong. The completion of the Property Purchase Agreements and payment of the balance of the purchase price for the Properties to the Property Vendors for HK$274,845,982.50 was completed in June 2017.

(c) On 5 July 2017, GCHL entered into a provisional sale and purchase agreement, pursuant to which amongst other things, GCHL conditionally agreed to acquire, Unit A on the Ground Floor of the Building, i.e. the remaining unit of the Building, at a consideration of HK$41,800,000. The completion of the sale and purchase is expected to be on 6 October 2017, or such other dates the parties may agree in writing.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Introduction

The following is a summary of an illustrative and unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows (collectively referred to as the "Unaudited Pro Forma Financial Information") of the Enlarged Group, which has been prepared on the basis of the notes set below for the purpose of illustrating the effect of the 1st Acquisition of the Property-1 and the proposed 2nd Acquisition of the Property-2 (collectively the Aggregate Acquisitions) as if the Aggregate Acquisitions had been completed as of 31 March 2017 in the case of the unaudited pro forma consolidated statement of financial position as at 31 March 2017, or 1 April 2016 in the case of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2017, after making the pro forma adjustments relating to the Aggregate Acquisitions that are factually supportable and directly attributable, as explained in the notes below.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared by the Directors in accordance with Paragraph 4.29 of the Listing Rules for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of (i) the consolidated statement of financial position as at 31 March 2017 had the Aggregate Acquisitions been completed as of 31 March 2017, and (ii) the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 31 March 2017 had the Aggregate Acquisitions been completed as at 1 April 2016; or at any future dates.

Unaudited Pro forma Consolidated Statement of Financial Position

	The Group as at 31 March 2017	Pro Forma Adjustments							Pro Forma Total for the Enlarged Group
		1st Acquisition					2nd Acquisition		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)							
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	*(Note 7)*	*(Note 8)*	
Non-current assets									
Property, plant and equipment	11,036	–	–	–	–	–	–	–	11,036
Investment properties	1,628,300	–	–	–	–	–	–	–	1,628,300
Interests in associates	586,555	–	–	–	–	–	–	–	586,555
Available-for-sale investments	45,354	–	–	–	–	–	–	–	45,354
Convertible notes	67,418	–	–	–	–	–	–	–	67,418
Derivatives component of convertible notes	6,167	–	–	–	–	–	–	–	6,167
Loans receivable	75,721	–	–	–	–	–	–	–	75,721
Intangible asset	500	–	–	–	–	–	–	–	500
Statutory deposits	205	–	–	–	–	–	–	–	205
Deposits and capitalised expenses paid for acquisition of investment properties	–	102,304	(102,304)	–	–	–	–	–	–
Deposit and prepayments for a life insurance policy	10,091	–	–	–	–	–	–	–	10,091
	2,431,347	102,304	(102,304)	–	–	–	–	–	2,431,347
Current assets									
Properties held for development for sale	312,136	–	–	–	–	358,826	49,115	–	720,077
Deposits and prepayments for acquisition of properties held for development for sale	–	–	56,496	27,484	–	(83,980)	–	–	–
Properties held for sale	392,489	–	–	–	–	–	–	–	392,489
Investments held for trading	287,493	–	–	–	–	–	–	–	287,493
Trade and other receivables	93,969	–	45,808	–	–	–	6,270	–	146,047
Loans receivable	233,133	–	–	–	–	–	–	–	233,133
Financial assets designated as at fair value through profit or loss	95,309	–	–	–	–	–	–	–	95,309
Bank balances and cash	25,473	–	–	(129,788)	(450)	(274,808)	(55,385)	(450)	(435,408)
	1,440,002	–	102,304	(102,304)	(450)	38	–	(450)	1,439,140
Current liabilities									
Trade and other payables	95,226	–	–	–	–	38	–	–	95,264
Tax payable	24,381	–	–	–	–	–	–	–	24,381
Shareholder's loan	–	102,304	–	(102,304)	–	–	–	–	–
Secured bank borrowings	262,273	–	–	–	–	–	–	–	262,273
	381,880	102,304	–	(102,304)	–	38	–	–	381,918
Net current assets	1,058,122	(102,304)	102,304	–	(450)	–	–	(450)	1,057,222
Total assets less current liabilities	3,489,469	–	–	–	(450)	–	–	(450)	3,488,569
Non-current liabilities									
Secured bank borrowings	637,209	–	–	–	–	–	–	–	637,209
Net assets	2,852,260	–	–	–	(450)	–	–	(450)	2,851,360
Capital and reserves									
Share capital	7,942	–	–	–	–	–	–	–	7,942
Reserves	2,844,318	–	–	–	(450)	–	–	(450)	2,843,418
Total equity	2,852,260	–	–	–	(450)	–	–	(450)	2,851,360

Notes to the unaudited pro forma consolidated statement of financial position:

1. The figures are extracted from the audited consolidated statement of financial position of the Group as at 31 March 2017 as set out in the published annual report of the Company for the year ended 31 March 2017.

2. The adjustment represents the figures which are extracted from the audited financial information of GCHL as at 30 April 2017 as set out in the Accountants' Report on GCHL contained in Appendix II to this circular.

3. The adjustments represent (i) the reclassification of deposits and capitalised expenses paid for investment properties to deposits and prepayments for acquisition of properties held for development for sale on Group level, and (ii) the refundable portion of stamp duty of approximately HK$45,808,000 incurred when acquiring the Property-1 as the Group will apply for refund of the stamp duty paid in accordance with the provisions of the Hong Kong Stamp Duty Ordinance when the property redevelopment project commences.

4. The adjustments represent (i) cash payment of consideration of approximately HK$27,484,000 for the acquisition of the entire share capital of GCHL, and (ii) cash payment of approximately HK$102,304,000 for the assignment of the shareholder's loan of GCHL outstanding as at 30 April 2017 as set out in the Accountants' Report on GCHL contained in Appendix II to this circular. The Directors consider that the transaction is an acquisition of assets and thus, the total consideration for the 1st Acquisition paid by the Group of approximately HK$129,788,000 represents deposits and prepayments for acquisition of properties held for development for sale which are capitalised and included therein.

5. The adjustment represents payment of the estimated transaction costs attributable to the circular of the Company dated 10 May 2017 for the 1st Acquisition of approximately HK$450,000.

6. The adjustments represent, upon completion of acquisition of GCHL and the respective dates of completion of 11 agreements for sale and purchase of the Property-1, (i) the cash payment of the balance of the purchase price of approximately HK$274,846,000 for acquiring the Property-1 from respective property vendors by GCHL, (ii) the reclassification of deposits and prepayments for acquisition of properties held for development for sale to properties held for development for sale and (iii) the transfer of rental deposits of approximately HK$38,000 in relation to two existing tenancy agreements of the Property-1 from the relevant property vendors to the Enlarged Group.

7. The adjustments represent (i) the 2nd Acquisition by GCHL for a cash consideration of HK$41,800,000 with the intention of property redevelopment with a view to sale, and (ii) the incurrence of expenses directly attributable to the 2nd Acquisition of approximately HK$7,315,000, including the non-refundable portion of stamp duty of approximately HK$3,553,000 and commission fee of approximately HK$3,762,000, and (iii) the refundable portion of stamp duty of approximately HK$6,270,000 incurred when acquiring the Property-2 as the Group will apply for refund of the stamp duty paid in accordance with the provisions of the Hong Kong Stamp Duty Ordinance when the property redevelopment project commences. The Group will settle the above consideration and directly attributable expenses, including stamp duty, by cash. In the opinion of the Directors, the assumed cash shortfall for the purpose of the Unaudited Pro Forma Financial Information with regard to the Aggregate Acquisitions will be financed by using the banking facilities available to the Group as at the Latest Practicable Date.

8. The adjustment represents payment of the estimated transaction costs attributable to this circular of approximately HK$450,000.

9. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2017.

Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income

	The Group For the Year Ended 31 March 2017	Pro Forma Adjustments		Pro Forma Total for the Enlarged Group
		1st Acquisition	2nd Acquisition	
	HK$'000 (audited) *(Note 1)*	*HK$'000* *(Note 3)*	*HK$'000* *(Note 4)*	*HK$'000*
Revenue	529,475	–	–	529,475
Cost of properties sold and services rendered	(296,291)	–	–	(296,291)
	233,184	–	–	233,184
Other income	34,426	–	–	34,426
Distribution and selling expenses	(64,829)	–	–	(64,829)
Administrative expenses	(52,485)	(450)	(450)	(53,385)
Gain on changes in fair value of investment properties	21,877	–	–	21,877
Loss on changes in fair value of investments held for trading	(8,773)	–	–	(8,773)
Loss on changes in fair value of financial assets designated as at fair value through profit or loss	(2,328)	–	–	(2,328)
Loss on changes in fair value of derivatives component of convertible notes	(11,003)	–	–	(11,003)
Gain on disposal of available-for-sale investments	43,989	–	–	43,989
Impairment loss on available-for-sale investments	(25,376)	–	–	(25,376)
Results attributable to interests in associates	(371,364)	–	–	(371,364)
Finance costs	(17,203)	–	–	(17,203)
Loss before taxation	(219,885)	(450)	(450)	(220,785)
Taxation charge	(23,961)	–	–	(23,961)
Loss for the year	(243,846)	(450)	(450)	(244,746)
Other comprehensive income (expense)				
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income of associates				
Share of translation reserve of associates	(6,393)	–	–	(6,393)
Share of investment revaluation reserve of associates	7,361	–	–	7,361
Reclassification of translation reserve to profit or loss upon partial disposal of interests in associates without loss of significant influence	3,660	–	–	3,660
Reclassification of investment revaluation reserve to profit or loss upon partial disposal of interests in associates without loss of significant influence	1,199	–	–	1,199
	5,827	–	–	5,827
Change in fair value of available-for-sale investments	23,834	–	–	23,834
Released on disposal of available-for-sale investments	(43,989)	–	–	(43,989)
Reclassification adjustment upon impairment of available-for-sale investments	25,376	–	–	25,376
Other comprehensive income for the year	11,048	–	–	11,048
Total comprehensive expense for the year attributable to owners of the Company	(232,798)	(450)	(450)	(233,698)

Notes to the unaudited pro forma consolidated statement of profit or loss and other comprehensive income:

1. The figures are extracted from the audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 March 2017 as set out in the published annual report of the Company for the year ended 31 March 2017.

2. As set out in the Accountants' Report on GCHL contained in Appendix II to this circular, GCHL had no revenue, expenses or taxation during the period from 2 March 2017 (date of incorporation) to 30 April 2017.

3. The adjustment represents payment of the estimated transaction costs attributable to the circular of the Company dated 10 May 2017 for the 1st Acquisition of approximately HK$450,000.

4. The adjustment represents payment of the estimated transaction costs attributable to this circular of approximately HK$450,000.

5. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2017.

Unaudited Pro Forma Consolidated Statement of Cash Flows

	The Group For the Year Ended 31 March 2017	Pro Forma Adjustments					Unaudited Pro Forma Total for the Enlarged Group
		1st Acquisition				2nd Acquisition	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)					
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	
Cash flows from operating activities							
Loss for the year	(243,846)	–	–	(450)	–	(450)	(244,746)
Adjustments for:							
Taxation recognised in profit or loss	23,961	–	–	–	–	–	23,961
Interest income	(23,277)	–	–	–	–	–	(23,277)
Interest expense	17,203	–	–	–	–	–	17,203
Depreciation of property, plant and equipment	1,636	–	–	–	–	–	1,636
Amortisation of premium and other expenses charged on a life insurance policy	280	–	–	–	–	–	280
Dividend income from listed investments	(10,171)	–	–	–	–	–	(10,171)
Gain on changes in fair value of investment properties	(21,877)	–	–	–	–	–	(21,877)
Gain on disposal of available-for-sale investments	(43,989)	–	–	–	–	–	(43,989)
Gain on disposal of property, plant and equipment	(115)	–	–	–	–	–	(115)
Loss on changes in fair value of investments held for trading	8,773	–	–	–	–	–	8,773
Loss on fair value change of financial assets designated as fair value through profit or loss	2,328	–	–	–	–	–	2,328
Loss on change in fair value of derivative component of convertible notes	11,003	–	–	–	–	–	11,003
Results attributable to interests in associates	371,364	–	–	–	–	–	371,364
Impairment loss on available-for-sale investment	25,376	–	–	–	–	–	25,376
Operating cash flows before movements in working capital	118,649	–	–	(450)	–	(450)	117,749
Increase in properties held for development for sale	(202,813)	–	–	–	–	–	(202,813)
Increase in deposits and prepayments for acquisition of properties held for development for sale	–	–	(56,496)	(27,484)	(274,846)	(49,115)	(407,941)
Decrease in properties held for sale	267,145	–	–	–	–	–	267,145
Increase in investments held for trading	(143,547)	–	–	–	–	–	(143,547)
Increase in trade and other receivables	(18,368)	–	(45,808)	–	–	(6,270)	(70,446)
Increase in loans receivable	(106,454)	–	–	–	–	–	(106,454)
Increase in statutory deposits	(205)	–	–	–	–	–	(205)
Increase in trade and other payables	8,269	–	–	–	38	–	8,307
Cash used in operations	(77,324)	–	(102,304)	(27,934)	(274,808)	(55,835)	(538,205)
Hong Kong Profits Tax paid	(42,392)	–	–	–	–	–	(42,392)
Dividend received from investments held for trading	6,508	–	–	–	–	–	6,508
Net cash used in operating activities	(113,208)	–	(102,304)	(27,934)	(274,808)	(55,835)	(574,089)

	The Group For the Year Ended 31 March 2017	Pro Forma Adjustments					Unaudited Pro Forma Total for the Enlarged Group
		1st Acquisition				2nd Acquisition	
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)					
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	
Cash flows from investing activities							
Redemption of financial assets designated as at fair value through profit or loss	675,339	–	–	–	–	–	675,339
Proceeds received from disposal of available-for-sale investments	350,062	–	–	–	–	–	350,062
Interest received	18,246	–	–	–	–	–	18,246
Dividend received from available-for-sale investments	3,663	–	–	–	–	–	3,663
Proceeds from disposal of property, plant and equipment	120	–	–	–	–	–	120
Acquisition of financial assets designated as at fair value through profit or loss	(861,000)	–	–	–	–	–	(861,000)
Acquisition of available-for-sale investments	(21,360)	–	–	–	–	–	(21,360)
Purchase of property, plant and equipment	(7,636)	–	–	–	–	–	(7,636)
Purchase of intangible asset	(500)	–	–	–	–	–	(500)
Additions of investment properties	(30)	–	–	–	–	–	(30)
Deposits and capitalised expenses paid for investment properties	–	(102,304)	102,304	–	–	–	–
Net cash from investing activities	156,904	(102,304)	102,304	–	–	–	156,904
Cash flows from financing activities							
Proceeds from issue of new share	–	–	–	–	–	–	–
Bank borrowings raised	446,255	–	–	–	–	–	446,255
Repayment of bank borrowings	(449,211)	–	–	–	–	–	(449,211)
Interest paid	(19,657)	–	–	–	–	–	(19,657)
Dividend paid	(7,942)	–	–	–	–	–	(7,942)
Advance from shareholder	–	102,304	–	(102,304)	–	–	–
Net cash used in financing activities	(30,555)	102,304	–	(102,304)	–	–	(30,555)
Net increase (decrease) in cash and cash equivalents	13,141	–	–	(130,238)	(274,808)	(55,835)	(447,740)
Cash and cash equivalents at beginning of the year	12,332	–	–	–	–	–	12,332
Cash and cash equivalents at end of the year, represented by bank balances and cash	25,473	–	–	(130,238)	(274,808)	(55,835)	(435,408)

Notes to the unaudited pro forma consolidated statement of cash flows:

1. The figures are extracted from the audited consolidated statement of cash flows of the Group for the year ended 31 March 2017 as set out in the published annual report of the Company for the year ended 31 March 2017.

2. The adjustment represents the figures which are extracted from the audited financial information of GCHL for the period from 2 March 2017 (date of incorporation) to 30 April 2017 as set out in the Accountants' Report on GCHL contained in Appendix II to this circular.

3. The adjustments represent (i) the reclassification of deposits and capitalised expenses paid for investment properties to deposits and prepayments for acquisition of properties held for development for sale on Group level, and (ii) the refundable portion of stamp duty of approximately HK$45,808,000 incurred when acquiring the Property-1 as the Group will apply for refund of the stamp duty paid in accordance with the provisions of the Hong Kong Stamp Duty Ordinance when the property redevelopment project commences.

4. The adjustment represents the estimated cash outflow in relation to the 1st Acquisition for the cash payment of approximately HK$130,238,000, comprising (i) approximately HK$129,788,000 for the acquisition of the entire issued share capital of GCHL and the shareholder's loan of GCHL outstanding as at 30 April 2017 as set out in the Accountants' Report on GCHL contained in Appendix II to this circular, (ii) reversal of the deposits and prepayments for acquisition of properties held for development for sale of approximately HK$102,304,000 and proceeds for issue of new share of HK$8 as if the 1st Acquisition had been completed as of 1 April 2016, and (iii) the estimated transaction costs attributable to the circular of the Company dated 10 May 2017 for the 1st Acquisition of approximately HK$450,000. The adjustment is not expected to have a continuing effect on the Enlarged Group.

5. The adjustments represent, upon completion of acquisition of GCHL and the respective dates of completion of 11 agreements for sale and purchase of the Property-1, (i) the cash payment of the balance of the purchase price of approximately HK$274,846,000 for acquiring the Property-1 from respective property vendors by GCHL, and (ii) the transfer of rental deposits of approximately HK$38,000 in relation to two existing tenancy agreements of the Property-1 from the relevant property vendors to the Enlarged Group.

6. The adjustments represent (i) the 2nd Acquisition by GCHL for a cash consideration of HK$41,800,000 with the intention of property redevelopment with a view to sale, and (ii) the incurrence of expenses directly attributable to the 2nd Acquisition of approximately HK$7,315,000, including the non-refundable portion of stamp duty of approximately HK$3,553,000 and commission fee of approximately HK$3,762,000, (iii) the refundable portion of stamp duty of approximately HK$6,270,000 incurred when acquiring the Property-2 as the Group will apply for refund of the stamp duty paid in accordance with the provisions of the Hong Kong Stamp Duty Ordinance when the property redevelopment project commences, and (iv) the estimated transaction costs attributable to this circular of approximately HK$450,000. The Group will settle the above consideration and directly attributable expenses, including stamp duty, by cash. The adjustment is not expected to have a continuing effect on the Enlarged Group.

7. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2017.

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

The following is the text of a report received from our reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this circular, in respect of unaudited pro forma financial information.

Deloitte. 德勤

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

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 consolidated statement of financial position as at 31 March 2017, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2017 and related notes as set out in Section A of Appendix III to the circular issued by the Company dated 11 August 2017 (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 III to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the acquisition of 11 units of the building situated at Nos. 93, 93A, 95 and 95A Waterloo Road, Kowloon, Hong Kong (the "Building") and the subsequent proposed acquisition of Unit A, Ground Floor of the Building (collectively the "Aggregate Acquisitions") on the Group's financial position as at 31 March 2017 and the Group's financial performance and cash flows for the year ended 31 March 2017 as if the Aggregate Acquisitions had taken place at 31 March 2017 and 1 April 2016 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 March 2017, on which an auditor's 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 31 March 2017 or 1 April 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 unaudited 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
11 August 2017

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Vigers Appraisal and Consulting Limited, an independent professional valuer, in connection with the valuation of the Property to be acquired by the Group for development as at 6 July 2017.

Vigers Appraisal & Consulting Limited
International Assets Appraisal Consultants

10th Floor
The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong

Tel: (852) 2342-2000 Fax: (852) 3101-9041 E-mail: gp@vigers.com
www.vigers.com

11 August 2017

The Board of Directors

Easyknit International Holdings Limited
Block A, 7th Floor, Hong Kong Spinners Industrial Building Phase 6,
Nos. 481-483 Castle Peak Road,,
Cheung Sha Wan, Kowloon, Hong Kong

Dear Sirs,

Re: Unit A on Ground Floor, Nos. 93, 93A, 95 and 95A Waterloo Road, Kowloon, Hong Kong ("Property")

In accordance with your instruction for us to value the Property to be acquired by an indirect wholly owned subsidiary of "Easyknit International Holdings Limited" (referred to as "the Company" and collectively referred to as "the Group"), we confirm that we have inspected the Property externally, made relevant enquiries and investigations as well as obtained such further information as we consider necessary for the purpose of providing our opinion of value of the Property as at 6 July 2017 (the "Valuation Date").

BASIS OF VALUE

Our valuation is our opinion of market value of the Property which is defined as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". Our valuation has been carried out in accordance with "RICS Valuation – Global Standards 2017" published by the RICS and "The HKIS Valuation Standards (2012 Edition)" published by "The Hong Kong Institute of Surveyors" ("HKIS"), both of which incorporates the "International Valuation Standards" ("IVS") published by the "International Valuation Standards Council" ("IVSC").

VALUATION APPROACH

In the course of our valuation for the Property which is vacant, we have adopted the market approach which provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available. We have adopted the direct comparison method of valuation whereby comparisons based on actual sales transactions of comparable properties have been made. Comparable properties with similar character, location and so on are analysed and carefully weighed against all respective advantages and disadvantages of the Property in order to arrive at the fair comparison of value.

TITLE INVESTIGATIONS

We have conducted land search at the Land Registry but we have not searched the original documents to ascertain ownership nor to verify any lease amendments which may not appear on the copies handed to us. All documents have been used for reference purposes and all dimensions, measurements and areas are therefore approximations.

VALUATION CONSIDERATION

On-site inspection to the Property was carried out by Mr. Eric W. L. Tang MRICS RICS Registered Valuer and Mr. Jeff M.C. Liu BSc(Hons) on 10th July 2017. But we must stress that we have not carried out any structural survey nor have we inspected the woodwork or other parts of the structures of the Property which was covered, unexposed or inaccessible to us. We are therefore unable to report whether such part of the Property is free from any structural or non-structural defect.

Having examined all relevant documents, we have relied to a considerable extent on the information given by the Group, particularly planning approvals or statutory notices, easements, land-use rights, site areas, floor areas, occupancy status and in the identification of the Property.

Unless otherwise stated, all dimensions, measurements and areas included in the valuation certificate are based on the information contained in the documents provided to us by the Group and are therefore approximations. We have had no reason to doubt the truth and accuracy of the information made available to us and we have been advised by the Group that no material facts have been omitted from the information so given.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the Property could be sold in the prevailing market in existing state but without the effect of any deferred term contract, leaseback, management agreement or any other similar arrangement which may serve to affect the value of the Property, unless otherwise noted or specified. In addition, no account has been taken into of any option or right of pre-emption concerning or affecting the sale of the Property.

In our valuation, we have assumed that the owner(s) of the Property has free and uninterrupted rights to use and assign the Property during the whole of the unexpired land lease term granted subject to the payment of usual Government Rent.

We had carried out on-site inspection to the Property but no soil investigation has been carried out to determine the suitability of ground condition or building services for any property development or to be erected on the Property. Our valuation has been carried out on the assumption that these aspects are satisfactory. In our valuation, we have also assumed that all necessary consents, approvals and licences from relevant government authorities have been or will have been granted for any property development erected or to be erected the Property.

Our market value assessment of the Property is the value estimated without regard to costs of sale or purchase or transaction and without offset for any associated tax(es) or potential tax(es). Any transaction cost(s) or encumbrances such as mortgage, debenture or other charges against the Property has been disregarded. In our valuation, we have assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which may serve to affect the value of the Property.

Unless otherwise stated, all monetary amounts stated herein are denoted in the currency of Hong Kong Dollars ("HK$"), the lawful currency of Hong Kong.

We enclose herewith the core content of our valuation report.

Yours faithfully,
For and on behalf of
VIGERS APPRAISAL AND CONSULTING LIMITED

David W. I. CHEUNG	**Eric W. L. TANG**
MRICS MHKIS RPS(GP) CREA	*MRICS*
RICS Registered Valuer	*RICS Registered Valuer*
Executive Director	*Director*

Note: Mr. David W. I. Cheung is a Registered Professional Surveyor in General Practice Division with over 34 years' valuation experience on property in various regions including Hong Kong, Macao, the PRC, Japan, the United Kingdom, Canada and the United States of America, who has been vetted on the list of property valuers for undertaking valuations for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers published by The Hong Kong Institute of Surveyors, and is suitably qualified for undertaking valuations relating to listing exercises. Mr. Cheung has over 10-year of experience with Vigers Appraisal and Consulting Limited.

Mr. Eric W. L. Tang is a professional member of the Royal Institution of Chartered Surveyors with over 14 years' valuation experience on property in various regions including Hong Kong, Macao and the PRC. Mr. Tang has over 9-year of experience with Vigers Appraisal and Consulting Limited.

VALUATION CERTIFICATE

Property to be acquired by the Group for development

The Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Valuation Date
Units A on Ground Floor, Nos. 93, 93A, 95 and 95A Waterloo Road, Kowloon, Hong Kong 1/12th parts or parcels of ground known and registered in the Land Registry as The Remaining Portion of Section C of Kowloon Inland Lot No. 2145 ("the Lot")	Completed in 1956, Nos. 93, 93A, 95 and 95A Waterloo Road (the "Development") is located on the southern side of Waterloo Road near its junction of Prince Edward Road West in Ho Man Tin district of Kowloon. The Development comprises a 3-storey residential building. The Property comprises a residential unit of the Development. As measured from approved general building plans as well as according to the information from Rating and Valuation Department, the Property has a saleable area of approximately 153.00 square metres (or 1,647 square feet) with a yard area of 10.80 square metres (or 116 square feet). The Development is erected on a site with a registered site area of 975.4829 square metres (or 10,500 square feet) approximately. The Lot is held under Government Lease for a term of 75 years from 15th October 1928 and renewable for 75 years with Government Rent payable of HK$52,722.00 per annum from time to time.	According to the information provided by the Group, the property is currently vacant.	i. The existing use value of the Property assuming sale with benefits of immediate vacant possession is HK$14,900,000 only. ii. The site value of the 100% interests of the Lot with vacant possession is HK$357,000,000 only. iii. The site value attributable to the Property is HK$37,000,000 only.

Note:

1. Pursuant to the recent land registration records, the current registered owner of the Property is "CHAN YAT LING".

2. Pursuant to the recent land registration records, the Property is subject to the following salient encumbrances:

    1. Deed of Covenant vide Memorial No. UB251413 dated 8th August 1956, and

    2. Government Notice No. 3711 of 85 pursuant to Section 22(2) vide Memorial No. UB2912931 dated 8th November 1985 (Remarks: The Crown Rent and Premium (Apportionment) Ordinance).

3. The Development is located on the southern side of Waterloo Road near its junction of Prince Edward Road West in Ho Man Tin district in Kowloon. The locality is a traditional residential area dominated by low to medium rise residential buildings with various ages. The accessibility is considered reasonable with public transportation such as buses, light buses and taxis well served. The MTR Mong Kok East Station is located with 10 minutes' drive away from the Property.

4. Pursuant to Government Lease of Kowloon Inland Lot No. 2145, no building will be erected on the Lot other than detached or semi-detached houses and no case may the height of any buildings exceed thirty five feet.

5. The Property falls within an area zoned "Residential Group B" on Approved Ho Man Tin Outline Zoning Plan No. S/K7/24 ("the Outline Zoning Plan") approved on 8th September 2015. According to the explanatory note attached to the Outline Zoning Plan, on land designated "Residential Group B", no new development, or addition, alternation and/or modification to or redevelopment of an existing building shall result in a total development and/or redevelopment in excess of a maximum plot ratio of 5.0 and a maximum building heights of 80 metres above Principal Datum, or the plot ratio and height of the existing building, whichever is the greater.

6. In our valuation, we have compared the asset with identical or comparable (that is similar) assets for which price information is available. Comparable properties with similar character, location and so on are analysed and carefully weighed against all respective advantages and disadvantages of the Property in order to arrive at the fair comparison of value.

    The unit rates of comparable transactions are in the range of about HK$8,366 to HK$10,388 per square foot for domestic units and about HK$18,944 to HK$29,001 per square foot for en bloc residential buildings. Our valuation falls within these ranges.

7. In assessing the site value attributable to the Property, we have apportioned the 100% site value in accordance with the proportion of the existing value of the Property to the total existing value of all the units in the Building currently erected on the Lot, which is assessed to be HK$143,800,000 only. No allowance has been given to the possible costs, which are required for the amalgamation of the 100% shares of the Lot either by private negotiation or by the compulsory sale order under Land (Compulsory Sale For Redevelopment) Ordinance Cap 545.

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	123,480,281	580,810,973	25.97%

Note:

(iv) In the 580,810,973 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. For the 123,480,281 underlying Shares, of which 100,880,281 are the underlying Shares of the convertible note issued by the Company to Good Development Limited and the remaining 22,600,000 underlying Shares of the share options granted to Ms. Lui Yuk Chu and Mr. Koon Wing Yee (the spouse of Ms. Lui Yuk Chu) on 14 October 2016. 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).

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
Lui Yuk Chu		Beneficial of a trust	46,609,144	58.69%
Koon Ho Yan Candy		Beneficial of a trust	29,179,480	36.74%
Koon Wing Yee	*i*	Interest of spouse	46,609,144	58.69%
Sea Rejoice Limited	*i & ii*	Beneficial owner	17,429,664	21.95%
Magical Profits Limited	*i & ii*	Beneficial owner	29,179,480	36.74%
Accumulate More Profits Limited	*i*	Interest of controlled corporation	29,179,480	36.74%
Winterbotham Trust	*i & iii*	Trustee	29,179,480	36.74%
Winterbotham Holdings Limited	*iii*	Interest of controlled corporation	29,179,480	36.74%
Markson International Holdings Limited	*iii*	Interest of controlled corporation	29,179,480	36.74%
Christopher Geoffrey Douglas Hooper	*iii*	Interest of controlled corporation	29,179,480	36.74%
Ivan Geoffrey Douglas Hooper	*iii*	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 2017, 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) 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;

(b) 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;

(c) 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;

(d) 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;

(e) 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;

(f) 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;

(g) 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;

(h) 3 executed term sheets dated 23 September 2016, 28 December 2016 and 28 March 2017 for the purchase of the ELNs of China Construction Bank Corporation (Stock Code: 939) for a total consideration of HK$120,000,000;

(i) a loan agreement dated 17 November 2016 entered into between Charming Flash Limited, a wholly-owned subsidiary of the Company, as lender, and Fortunate Gravity Hongkong Limited, an Independent Third Party, to lend up to HK$100,000,000 for a term of 12 months at the interest rate of 12% per annum. The loan is secured by a share charge;

(j) a loan agreement dated 7 December 2016 entered into between Planetic International Limited, a wholly-owned subsidiary of the Company, as lender, and Mr. Ting, an Independent Third Party, to lend up to HK$63,000,000 for a term of 12 months at the interest rate of 8% per annum. The loan is secured by a share charge;

(k) 3 executed term sheets dated 3 January 2017, 27 February 2017and 18 May 2017 for the purchase of the ELNs of Industrial and Commercial Bank of China Limited (Stock Code: 1398) for a total consideration of HK$145,000,000;

(l) 2 executed term sheets dated 20 February 2017 and 4 July 2017 for the purchase of the ELN of Hong Kong Exchanges and Clearing Limited (Stock Code: 388) for a total consideration of HK$100,000,000;

(m) 1 executed term sheet dated 5 May 2017 for the purchase of the ELN of Agricultural Bank of China Limited (Stock Code: 1288) for a consideration of HK$35,000,000;

(n) 1 executed term sheet dated 30 June 2017 for the purchase of the ELN of HSBC Holdings plc (Stock Code: 00005) for a consideration of HK$50,000,000;

(o) an agreement dated 13 April 2017 entered into between GY and the seller for the sale and purchase of the sale share and sale loan of GCHL; and

(p) the Agreement.

8. EXPERTS AND CONSENTS

The following are the qualifications of the experts who are named in this circular or have given their opinion or advices which are contained in this circular:

Name	**Qualification**
Vigers Appraisal and Consulting Limited	Independent Professional Valuer
Deloitte Touche Tohmatsu	Certified Public Accountants
Cosmos CPA Limited	Certified Public Accountants

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

(a) any direct or indirect interest in any assets which have been, since 31 March 2017 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and

(b) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The above experts have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion of their letters and the references to their names in the form and context in which they 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 2015, 2016 and 2017;

(c) the accountant's report on GCHL issued by Cosmos CPA Limited, the text of which is set out in Appendix II to this circular;

(d) the letter from Deloitte Touche Tohmatsu in respect of the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular;

(e) the valuation report prepared by Vigers Appraisal and Consulting Limited, the text of which is set out in Appendix IV to this circular;

(f) the letters of consent referred to in the paragraph headed "Experts and Consents" in this appendix;

(g) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;

(h) 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

(i) this circular.

EASYKNIT INTERNATIONAL HOLDINGS LIMITED
永義國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1218)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting ("**Meeting**") of Easyknit International Holdings Limited（永義國際集團有限公司）("**Company**") will be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong, on Monday, 4 September 2017, at 9:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the aggregate acquisition of the properties and the agreement dated 5 July 2017 entered into by the seller and the Company's subsidiary as purchaser in relation to the sale and purchase of unit A, ground floor of Nos. 93, 93A, 95 and 95A Waterloo Road, Kowloon, Hong Kong; and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(b) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such documents, instruments and agreements and do all such acts, matters and things as he/she may in his/her absolute discretion consider necessary, desirable or expedient for the purposes of or in connection with implementing, completing and giving effect to the acquisition and the transactions contemplated thereunder and to agree to such variations of the terms of the acquisition as he/she may in his/her absolute discretion consider necessary or desirable."

By Order of the Board
Easyknit International Holdings Limited
Tse Wing Chiu Ricky
President and Chief Executive Officer

Hong Kong, 11 August 2017

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

Notes:

1. A form of proxy for use at the Meeting is enclosed herewith.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer or attorney duly authorised.

3. Any shareholder of the Company entitled to attend and vote at the Meeting convened by the above notice shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.

4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding of the above Meeting.

5. Closure of Register of Members

   For the purpose of determining shareholders' eligibility to attend and vote at the SGM, the register of members will be closed from Wednesday, 30 August 2017 to Monday, 4 September 2017, both days inclusive. During which period, no share transfers of the Company will be registered. In order to qualify to attend and vote at the SGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 29 August 2017.

6. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the Meeting convened and in such event, the form of proxy will be deemed to be revoked.

7. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the Meeting, whether in person or by proxy, the most senior shall alone be entitled to vote. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.