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

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EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1218)

MAJOR TRANSACTION

PROVISION OF A FACILITY

AND

DEED OF SETTLEMENT

* *for identification purposes only*

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DEFINITIONS

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

“Account Charge”	the charge over account dated 15 September 2017 executed by the Borrower charging by way of first fixed charge in favour of the Lender (i) the Charged Account; and (ii) all monies and securities standing to the credit of the Charged Account and all interest from time to time payable thereon and all rights, title, interest, benefit and claims of the Borrower, present or future, thereto and therein
“Board”	the board of Directors
“Borrower”	Jimu Group Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Borrower Share(s)”	ordinary share(s) of US\$1.00 each in the share capital of the Borrower
“BVI”	the British Virgin Islands
“Charged Account”	the designated cash account opened in the name of the Borrower with Constance Capital Limited, an indirect wholly-owned subsidiary of the Company, a corporation licensed to carry out type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance
“Chargor A”	Jimu Times Limited, a company incorporated in the British Virgin Islands with limited liability, being a shareholder owning 85% of the issued share capital of the Borrower
“Chargor B”	Mr. Tung Sun Tat Clement, being a director and a shareholder owning 15% of the issued share capital of the Borrower
“Chargors”	Chargor A and Chargor B collectively
“Company”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules

DEFINITIONS

“Deed of Release”	the deed of release dated 22 September 2017 executed by the Lender in favour of the Security Parties releasing and discharging each of the Security Parties from all or any obligations and liabilities under each of the Security Documents
“Deed of Settlement”	the deed of settlement dated 22 September 2017 entered into between the Lender and the Borrower in relation to the settlement of the Loan
“Director(s)”	the director(s) of the Company
“Drawdown Date”	the date on which the Facility is drawn down
“Expenses Payment Amount”	HK\$359,000 being the costs, charges and expenses incurred by the Lender in connection with the negotiation, preparation, execution and (where relevant) registration of the Deed of Settlement and the release(s) of the Security Documents
“Facility”	the term loan facility in the principal amount of HK\$130,000,000 under the Loan Agreement
“Group”	the Company and its subsidiaries
“Guarantee”	the guarantee dated 15 September 2017 executed by the Guarantor in favour of the Lender guaranteeing the obligations of the Borrower under the Loan Agreement
“Guarantor”	Mr. Dong Jun, who is indirectly interested in approximately 12.49% of the equity interests in the Borrower through his indirect interest in Chargor A
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which is/are third party(ies) independent of the Company and its connected person(s)
“Latest Practicable Date”	9 October 2017, being the latest practicable date prior to the printing of this circular for ascertaining information for inclusion in this circular

DEFINITIONS

“Lender”	Main Profit Investment Limited, a company incorporated in Hong Kong with limited liability and is an indirectly wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the aggregate principal amount drawn and for the time being outstanding under the Facility
“Loan Agreement”	the loan agreement dated 15 September 2017 in relation to the Facility entered into between the Borrower and the Lender
“Loan Repayment Amount”	HK\$130,441,643.84 which includes (i) the outstanding principal amount of the Loan as at the date of the Deed of Settlement in an amount of HK\$130,000,000; and (ii) interest accrued from the Drawdown Date up to the date of actual payment in an amount of HK\$441,643.84
“Maturity Date”	the date falling six (6) months from the Drawdown Date
“PRC”	the People’s Republic of China
“Security Documents”	the Guarantee, the Share Charges and the Account Charge collectively
“Security Parties”	the Guarantor, the Chargors and the Borrower collectively
“Settlement Amounts”	the Loan Repayment Amount, the Settlement Fee Payment Amount and the Expenses Payment Amount collectively
“Settlement Fee Payment Amount”	HK\$1,300,000, representing 1% of the Loan
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Charges”	the Share Charge (Jimu) and Share Charge (Tung) collectively

DEFINITIONS

“Share Charge (Jimu)”	the share charge dated 15 September 2017 executed by Chargor A in favour of the Lender by way of a fixed charge over 85 Borrower Shares, representing 85% of the issued share capital of the Borrower
“Share Charge (Tung)”	the share charge dated 15 September 2017 executed by Chargor B in favour of the Lender by way of a fixed charge over 15 Borrower Shares, representing 15% of the issued share capital of the Borrower
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

LETTER FROM THE BOARD



EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1218)

Executive Directors:

Mr. 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

9 October 2017

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

PROVISION OF A FACILITY AND DEED OF SETTLEMENT

INTRODUCTION

Reference is made to the announcement of the Company dated 15 September 2017 relating to the provision of a Facility and the announcement of the Company dated 22 September 2017 relating to the Deed of Settlement in respect of the provision of a Facility. The purpose of this circular is to provide you with further information on the provision of the Facility and the Deed of Settlement in respect of the provision of the Facility.

THE LOAN AGREEMENT

On 15 September 2017, the Lender entered into the Loan Agreement with the Borrower, pursuant to which the Lender has agreed to provide the Facility in the principal amount of HK\$130,000,000 to the Borrower, bearing an interest rate of 15.5% per annum, as secured by the Guarantee, Share Charges and Account Charge executed in favour of the Lender, for a term of 6 months from the Drawdown Date.

* for identification purposes only

LETTER FROM THE BOARD

Principal terms of the Loan Agreement are set out as below:

Date

15 September 2017

Parties to the Loan Agreement

- (a) the Lender; and
- (b) the Borrower

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Borrower and its ultimate beneficial owners are Independent Third Parties and not connected with the Group.

Amount of the Facility

The principal amount of the Facility is HK\$130,000,000. The Facility will be financed by the internal resources of the Group.

Purpose of the Facility

The proceeds of the Facility shall be used for general working capital of the Borrower.

Interest Rate

15.5% per annum

Security and Guarantee

The Facility is secured by:

- (a) the Guarantee;
- (b) the Share Charges; and
- (c) the Account Charge.

LETTER FROM THE BOARD

Repayment

The Borrower shall repay the outstanding principal amount of the Facility, together with all accrued interest and all other amounts accrued or outstanding under the Loan Agreement and any Security Documents in full on the Maturity Date. No early repayment is allowed.

The Board has taken into account the no early repayment clause when negotiating the terms of the Deed of Settlement. Although there was a no early repayment clause in the Loan Agreement, the Board considered that the Company did not suffer any loss as a result of the transaction and that the receiving of the Settlement Fee Payment Amount was more beneficial to the Company in view of the short time span involved. The Company could use the Settlement Fee Payment Amount together with the Loan Repayment Amount as general working capital and could make other investment should any opportunity arise. The Company confirms that it has no plan for the use of proceeds of the Settlement Fee Payment Amount and the Loan Repayment Amount at the moment.

THE DEED OF SETTLEMENT

The Loan was utilized in full on 15 September 2017. After arms-length negotiations, the Lender and the Borrower agreed to enter into the Deed of Settlement.

On 22 September 2017, the Lender entered into the Deed of Settlement with the Borrower, pursuant to which, the Borrower agreed to settle the Settlement Amounts which include (i) the Loan Repayment Amount; (ii) the Settlement Fee Payment Amount; and (iii) the Expenses Payment Amount as full and final settlement of any and all outstanding amounts due to the Lender under the Loan Agreement and the Security Documents.

On the same date, the Borrower has paid the Settlement Amounts in full to the Lender and accordingly the Lender has released and discharged the Borrower from all or any obligations and liabilities under the Loan Agreement.

In respect of the release and discharge of all or any obligations and liabilities of the Borrower under the Loan Agreement, the Lender has on the same date executed the Deed of Release in favour of the Security Parties releasing and discharging each of the Security Parties from all or any obligations and liabilities under each of the Security Documents.

FINANCIAL EFFECTS ON THE PROVISION OF THE FACILITY AND THE DEED OF SETTLEMENT

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

LETTER FROM THE BOARD

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

The Facility has been repaid by the Borrower in full on 22 September 2017 upon the entering into of the Deed of Settlement. As full and final settlement of the outstanding amounts under the Loan Agreement and the Security Documents, the Lender has received from the Borrower the Settlement Amounts.

INFORMATION ON THE GROUP AND THE LENDER

The Group is principally engaged in property investment, property development, securities investment and loan financing business.

The Lender is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company.

INFORMATION ON THE BORROWER, THE GUARANTOR AND THE CHARGORS

The Borrower is a company incorporated in BVI with limited liability and is principally engaged in investment holding.

The Guarantor is an individual and a seasoned finance professional with more than 15 years' experience in the finance industry.

The Chargors include Chargor A and Chargor B collectively. Chargor A is a company incorporated in BVI with limited liability and is a shareholder owning 85% of the issued share capital of the Borrower. It is principally engaged in investment holding. Chargor B is an individual and a professional investor. He is a director and a shareholder owning 15% of the issued share capital of the Borrower.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, each of the Borrower, the Guarantor and the Chargors and their respective ultimate beneficial owner(s) are Independent Third Parties and not connected with the Group.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE PROVISION OF THE FACILITY

The provision of the Facility will provide a reasonable and stable income and interest return to the Group. Taking into account the principal business activities of the Group, the provision of the Facility is in the ordinary and usual course of business of the Group.

The Company has conducted due diligence on the Borrower and has assessed the repayment capability of the Borrower by obtaining its financial statements and bank statements. After reviewing the financial conditions of the Borrower, the Company was satisfied that the Borrower would not have concerns to its solvency in respect of the payment of interest and repayment of the Loan.

The Company has carried out a thorough business overview on the Borrower and the Board was satisfied with the financial ratios analysis (such as profit and loss analysis, balance sheet analysis, cash flow analysis) on the financial statements provided for the three years ended 31 December 2016. In addition, the Company was also provided with a statement issued by Constance Capital Limited (“CCL”), an indirect wholly-owned subsidiary of the Company, a corporation licensed to carry out type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance that the Borrower had cash of HK\$130,000,000 in a designated cash account in CCL as at the date of the Loan Agreement. Such designated cash account was charged in favour of the Lender pursuant to the Account Charge, and no cash movements can be made from the Charged Account without the Lender’s written consent. Having considered the Account Charge together with the level of control that could be exercised by the Lender, the Board was satisfied that the Account Charge alone was sufficient for the repayment of the Loan.

The Company has also conducted due diligence on the Guarantor and has assessed the repayment capability of the Guarantor by obtaining relevant proofs of his assets. The Guarantor has provided proof of his equity interests in Chargor A which together with its subsidiaries are primarily engaged in providing financial services in the PRC. The Board was satisfied with the Guarantor’s equity interests and considered that even if both the Borrower and the Guarantor are in default, the Company still has recourse to the Account Charge.

Taking into account of the above assessments, the Board is satisfied that the Borrower and/or the Guarantor has the capability to repay the Facility. The Facility is for 6 months only and the interest rate is 15.5% per annum. Interest from bank deposits and similar investments is a small fraction of that which is receivable by the Company in respect of the Facility and the Facility is well secured.

The terms of the Loan Agreement were arrived at by the parties thereto after arm’s length negotiations, with reference to prevailing commercial practice.

Having considered (i) the above assessments; (ii) the terms of the Loan Agreement; (iii) the Share Charges; (iv) the Guarantee; and (v) the Account Charges, the Directors consider that the terms of the Loan Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

REASONS FOR ENTERING INTO THE DEED OF SETTLEMENT

The Company was informed by the Borrower that the funding of the Loan is no longer be required and accordingly the Borrower made a request to the Lender for the settlement of the Loan. The terms of the Deed of Settlement were arrived at by the parties thereto after arm's length negotiations, with reference to prevailing commercial practice. The Directors are of opinion that the entering into of the Deed of Settlement is more beneficial to the Company and the Shareholders as a whole and consider that the terms of the Deed of Settlement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the provision of the Facility are more than 25% but less than 100%, the provision of the Facility constitutes a major transaction for the Company, which is subject to the reporting, announcement and Shareholders' approval pursuant to Chapter 14 of the Listing Rules.

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the provision of the Facility may be obtained by way of Shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the transactions; and (b) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the transactions.

The Company has obtained written approvals for the provision of the Facility in accordance with Rule 14.44 of the Listing Rules from a closely allied group of Shareholders comprising Sea Rejoice Limited ("**Sea Rejoice**") and Magical Profits Limited ("**Magical Profits**"), which are beneficially interested in 17,429,664 Shares and 29,179,480 Shares respectively, representing approximately an aggregate of 58.69% of the entire issued share capital of the Company as at the date of this announcement. Sea Rejoice is wholly-owned by Ms. Lui Yuk Chu, an executive director of the Company. Magical Profits is wholly-owned by The Winterbotham Trust Company Limited, trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members (including Ms. Koon Ho Yan Candy, daughter of Ms. Lui Yuk Chu and an executive Director) other than her spouse). Accordingly, Sea Rejoice and Magical Profits is a closely allied group of Shareholders. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of their respective associates have any material interest in the provision of the Facility and therefore none of them is required to abstain from voting if the Company were to convene a general meeting for the approval of the transactions. As such, no special general meeting will be convened for this purpose as is permitted under Rule 14.44 of the Listing Rules.

LETTER FROM THE BOARD

RECOMMENDATION

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

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

Here below 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 <i>http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0629/LTN20170629279.pdf</i>	29 June 2017	69 – 173
31 March 2016 <i>http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0725/LTN20160725123.pdf</i>	25 July 2016	60 – 161
31 March 2015 <i>http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0722/LTN20150722096.pdf</i>	22 July 2015	57 – 153

2. WORKING CAPITAL

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

3. INDEBTEDNESS

At the close of business on 31 August 2017, being the latest practicable date for ascertaining this information prior to the printing of this circular, the Group had outstanding bank borrowings of approximately HK\$1,282 million, which were guaranteed by the Company and were secured by certain properties of the Group.

Apart from as disclosed above and intra-group liabilities, the Group did not have at the close of business on 31 August 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 the 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 operations 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 sale loan of Global Chance Holdings Limited at a total consideration of HK\$129,788,380.75.
- (ii) the Company's announcement dated 15 September 2017 relating to Main Profit Investment Limited ("**Main Profit**"), a wholly-owned subsidiary of the Company, as the lender entered into a loan agreement to provide a facility of HK\$130,000,000 to Jimu Group Holdings Limited ("**Jimu Group**"), an Independent Third Party, for a period of 6 months at an interest rate of 15.5% per annum; and
- (iii) the Company's announcement dated 22 September 2017 relating to the Main Profit as the lender entered into a deed of settlement with Jimu Group and Jimu Group agreed to settle the loan repayment amount of HK\$130,000,000 and other relevant expenses incurred in this transaction.

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	457,330,692	593,480,281	1,050,810,973	46.98%

In the 1,050,810,973 shares of Eminence, 93,549,498 shares and 363,781,194 shares of Eminence are registered in the name of and are beneficiary owned by Landmark Profits Limited and Goodco Development Limited respectively, both companies are wholly-owned subsidiaries of the Company. For the 593,480,281 underlying shares, of which 570,880,281 are the underlying shares of convertible notes issued by the Company to the Goodco Development Limited; and the remaining 22,600,000 underlying shares are the share optioned granted to Ms. Lui Yuk Chu and Mr. Koon Wing Yee (the spouse of Ms. Lui Yuk Chu) on 14 October 2016. 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	<i>i</i>	Beneficial of a trust	46,609,144	58.69%
Koon Ho Yan Candy	<i>i</i>	Beneficial of a trust	29,179,480	36.74%
Koon Wing Yee	<i>i</i>	Interest of spouse	46,609,144	58.69%
Sea Rejoice Limited	<i>i & ii</i>	Beneficial owner	17,429,664	21.95%
Magical Profits Limited	<i>i & ii</i>	Beneficial owner	29,179,480	36.74%
Accumulate More Profits Limited	<i>i</i>	Interest of controlled corporation	29,179,480	36.74%
Winterbotham Trust	<i>i & iii</i>	Trustee	29,179,480	36.74%
Winterbotham Holdings Limited	<i>iii</i>	Interest of controlled corporation	29,179,480	36.74%
Markson International Holdings Limited	<i>iii</i>	Interest of controlled corporation	29,179,480	36.74%
Christopher Geoffrey Douglas Hooper	<i>iii</i>	Interest of controlled corporation	29,179,480	36.74%
Ivan Geoffrey Douglas Hooper	<i>iii</i>	Interest of controlled corporation	29,179,480	36.74%

Notes:

- (i) Out of 46,609,144 Shares, 17,429,664 Shares are beneficially owned by Sea Rejoice Limited which is wholly-owned by Ms. Lui Yuk Chu. The remaining 29,179,480 Shares are registered in the name of and are beneficially owned by Magical Profits Limited, which is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by Winterbotham Trust as trustee of The Magical 2000 Trust (the beneficiaries of which included Ms. Lui Yuk Chu, an executive Director, and her family members other than her spouse). Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and an executive Director, is deemed to be interested in the 29,179,480 Shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust. Mr. Koon Wing Yee, being the spouse of Ms. Lui Yuk Chu, is deemed to be interested in the 46,609,144 Shares by virtue of the SFO.
- (ii) Ms. Lui Yuk Chu, being an executive Director, is also a director of Sea Rejoice Limited and Magical Profits Limited.

- (iii) Winterbotham Trust is the trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members other than her spouse). Winterbotham Trust is owned as to 75% by Winterbotham Holdings Limited (“**Winterbotham Holdings**”) and 25% by Markson International Holdings Limited (“**Markson**”) respectively. Winterbotham Holdings is owned as to approximately 99.99% by Mr. Christopher Geoffrey Douglas Hooper. And Markson is owned as to 60% by Mr. Christopher Geoffrey Douglas Hooper and 40% by Mr. Ivan Geoffrey Douglas Hooper respectively.

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

3. LITIGATION

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

4. DIRECTORS’ SERVICE CONTRACTS

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

5. DIRECTORS’ INTERESTS IN COMPETING BUSINESS

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

6. DIRECTORS’ INTEREST IN CONTRACTS AND ASSETS

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) 3 executed term sheets dated 11 November 2015, 25 November 2015 and 8 December 2015 for the purchase of the equity linked note (“ELN”) of China Construction Bank Corporation (stock code: 939) for a total consideration of HK\$170,000,000;
- (b) 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;
- (c) 2 executed term sheets dated 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\$79,000,000;
- (d) 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;
- (e) 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;
- (f) 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;
- (g) 3 executed term sheet dated 23 September 2016, 28 December 2016 and 28 March 2017 for the purchase of the ELN of China Construction Bank Corporation (stock code: 939) for a consideration of HK\$120,000,000;
- (h) a loan agreement dated 17 November 2016 entered into between Charming Flash Limited, a wholly-owned subsidiary of the Company, as a 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;

- (i) a loan agreement dated 7 December 2016 entered into between Planetic International Limited, a wholly-owned subsidiary of the Company, as a 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;
- (j) 3 executed terms sheets dated 3 January 2017, 27 February 2017 and 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;
- (k) 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;
- (l) 1 executed term sheet dated 5 May 2017 for the purchase of ELN of Agricultural Bank of China Limited (stock code: 1288) for a consideration of HK\$35,000,000;
- (m) 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;
- (n) an agreement dated 13 April 2017 entered into between GY and the seller for the sale and purchase of the sale share and sell loan of Global Chance Holdings Limited;
- (o) a loan agreement dated 15 September 2017 entered into Main Profit, a wholly-owned subsidiary of the Company, as a lender, and Jimu Group, an Independent Third Party to lend up to HK\$130,000,000 for a term of 6 months at the interest rate of 15.5% per annum. The loan is secured by a share charge and a personal guarantee; and
- (p) a deed of settlement dated 22 September 2017 entered into Main Profit and Jimu Group to settle the loan repayment amount of HK\$130,000,000 and other relevant expenses incurred in this transaction.

8. GENERAL

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

9. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the three years ended 31 March 2015, 2016 and 2017;
- (c) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (d) a copy of each circular issued pursuant to the requirements set out in Chapter 14 and/or 14A of the Listing Rules which has been issued since the date of the latest published audited accounts;
- (e) the Loan Agreement;
- (f) the Deed of Settlement; and
- (g) this circular.