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, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Vestate Group Holdings Limited (the "**Company**"), 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 the transferee.

國投集團
VESTATE

VESTATE GROUP HOLDINGS LIMITED
國投集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1386)

MAJOR TRANSACTION IN RELATION TO DISPOSAL OF 49% OF THE EQUITY INTEREST IN ASCENT PRIDE INVESTMENTS LIMITED

17 August 2018

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

"Announcement"	the announcement of the Company dated 6 July 2018 in relation to the Disposal
"Assignment Deed"	the deed of assignment to be entered into between the Vendor and the Target Company upon Completion to assign bank balances, trade receivables and other receivables of the Target Company to the Vendor
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Business Day(s)"	a day (other than a Saturday, Sunday or public holiday) on which the licensed banks in Hong Kong are generally open for business throughout their normal business hours
"BVI"	British Virgin Islands
"Citiward"	Citiward Limited, a company incorporated in Hong Kong with limited liability
"Company"	Vestate Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
"Completion"	completion of the Disposal pursuant to the terms and conditions of the Disposal Agreement
"connected person"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	the consideration of HK$50,000,000 payable by the Purchaser to the Vendor for the sale and purchase of the Sale Shares under the Disposal Agreement
"Controlling Shareholder"	has the meaning ascribed thereto under the Listing Rules

"Deed of Novation"	the deed of novation to be entered into between the Vendor and the Target Company upon Completion to novate trade payables and other payables of the Target Company to the Vendor
"Deposit"	A sum of HK$8,000,000, being the deposit and part payment of the Consideration to be made by the Purchaser to the Vendor pursuant to the terms of the Disposal Agreement
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Sale Shares to the Vendor to the Purchaser pursuant to the terms of the Disposal Agreement
"Disposal Agreement"	the conditional sale and purchase agreement dated 2 July 2018 and entered into between the Purchaser and the Vendor in relation to the Disposal
"Encumbrances"	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale and purchase or sale and leaseback arrangement whatsoever nature and includes any agreement for any of the same
"Guangzhou Yinghui"	廣州盈琿貿易有限公司(for transliteration purpose only, Guangzhou Yinghui Trading Company Limited), a company established in the PRC with limited liability
"Group"	the Company and its subsidiaries from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	third party(ies) independent of and not connected with the Company and its connected persons
"Latest Practicable Date"	15 August 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	the date falling six months after the date of the Disposal Agreement, or such later date as the Vendor and the Purchaser may agree in writing
"PRC"	the People's Republic of China, excluding (except where the context requires) Hong Kong, Macau Special Administrative Region and Taiwan
"Purchaser"	Golden Way Enterprise Limited, a company incorporated in the BVI with limited liability and is principally engaged in investment holding
"Reorganisation"	the reorganisation to be made by the Vendor and upon completion of which the Target Company will own, in addition to the entire equity interest in Citiward, Guangzhou Yinghui, Walker Group China, 奧吉斯貿易(北京)有限公司 (Smarter Trading (Beijing) Company Limited), 逸盈國際貿易(上海)有限公司 (Billion International Trading (Shanghai) Company Limited) and 傲豐貿易(深圳)有限公司 (Smart Trend Trading (Shenzhen) Company Limited), the entire equity interest in Trunari Enterprises and Senet International
"Sale Shares"	4,900 shares of US$1.00 each of the Target Company, representing 49% of the issued share capital of the Target Company
"Senet International"	Senet International Limited, a company incorporated in Hong Kong with limited liability
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of issued Share(s)

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Ascent Pride Investments Limited, a company incorporated in the BVI with limited liability
"Target Group"	the Target Company and its subsidiaries upon completion of the Reorganisation
"Trunari Enterprises"	Trunari Enterprises Company Limited, a company incorporated in Hong Kong with limited liability
"Vendor"	Genius Earn Investments Limited, a company incorporated in the BVI with limited liability and the vendor under the Disposal Agreement
"Walker Group China"	Walker Group China Company Limited, a company incorporated in Hong Kong with limited liability
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent.

國投集團
VESTATE

VESTATE GROUP HOLDINGS LIMITED
國投集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1386)

Executive Directors:
Mr. Zhu Xiaojun
Mr. Kang Jianming
Ms. Cai Jiaying
Mr. Yin Wansun

Independent Non-executive Directors:
Ms. Zhao Hong
Mr. Chau Wai Hing
Mr. Leung Man Ho

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Suite 708, 7th Floor
Champion Tower
3 Garden Road
Central, Hong Kong

17 August 2018

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO DISPOSAL OF 49% OF THE EQUITY INTEREST IN ASCENT PRIDE INVESTMENTS LIMTIED

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Disposal Agreement entered into by the Vendor with the Purchaser in respect of the Disposal. Pursuant to the Disposal Agreement, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the Sale Shares, representing 49% of the issued share capital of the Target Company at the Consideration of HK$50,000,000.

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Disposal exceed 25% but are below 75%, the Disposal constitutes a major transaction on the part of the Company and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders have a material interest in the Disposal Agreement and the transactions contemplated thereunder and therefore no Shareholder is required to abstain from voting if a general meeting were to be convened for the approval of the Disposal Agreement and the transactions contemplated thereunder. Pursuant to Rule 14.44 of the Listing Rules, in lieu of holding a general meeting of the Company, a written shareholder's approval for the Disposal Agreement and the transactions contemplated thereunder has been obtained from China Consume Elderly Care Holdings Limited, a Controlling Shareholder directly holding 513,300,002 Shares, representing approximately 71.67% of the issued share capital of the Company as at the date of the Announcement. Accordingly, the general meeting requirement to obtain Shareholders' approval for the Disposal Agreement and the transactions contemplated thereunder is to be dispensed with. This circular is therefore sent to the Shareholders for their information only.

The purpose of this circular is to provide you with, among other things, (i) further information in respect of the Disposal Agreement and the Disposal; and (ii) other information as required under the Listing Rules.

THE DISPOSAL AGREEMENT AND THE DISPOSAL

The principal terms of the Disposal Agreement are as follows:

Date: 2 July 2018

Parties:
(1) Genius Earn Investments Limited, as vendor; and

(2) Golden Way Enterprise Limited, as purchaser.

The Vendor is a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company principally engaged in investment holding.

The Purchaser is a company incorporated in the BVI with limited liability and an investment holding company. The ultimate beneficial owner of the Purchaser is principally engaged in shoes manufacturing. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

Assets to be disposed of

Pursuant to the Disposal Agreement, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the Sale Shares, representing 49% of the issued share capital of the Target Company.

Consideration

The Consideration for the sale and purchase of the Sale Shares shall be HK$50,000,000.

The Consideration shall be payable by the Purchaser to the Vendor in the following manner:

(a) HK$8,000,000, being the Deposit and part payment of the Consideration, shall be payable by the Purchaser to the Vendor in cash on or before 31 July 2018;

(b) HK$22,000,000, being part of the Consideration, shall be payable by the Purchaser to the Vendor in cash within 10 days after the Completion; and

(c) HK$20,000,000, being the balance of the Consideration, shall be payable by the Purchaser to the Vendor in cash within 10 days after the completion of novation of trade payables and other payables of the Target Company to the Vendor pursuant to the Deed of Novation.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms by taking into account (i) the net asset value of the Target Group as at 31 March 2018 (as if the Reorganisation having been completed); and (ii) the estimated net effect of the Assignment Deed and Deed of Novation as at 31 March 2018.

Having considered the above factors, the Board considers that the Consideration, which was arrived at after arm's length negotiations, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion is conditional upon and subject to the following conditions:

(1) all necessary consents, licences and approvals required to be obtained on the part of the Vendor and the Target Company in respect of the sale and purchase of the Sale Shares having been obtained;

(2) all necessary consents, licences and approvals required to be obtained on the part of the Purchaser in respect of the sale and purchase of the Sale Shares having been obtained;

(3) the passing of the requisite resolution(s) by the Shareholder(s) either at a general meeting or by way of written resolution(s) approving the Disposal Agreement and the transactions contemplated thereunder in compliance with the requirements of the Listing Rules;

(4) there being no matters, facts or circumstances which constitute or will constitute breach of the warranties given by the Vendor contained in the Disposal Agreement;

(5) there being no matters, facts or circumstances which constitute or will constitute breach of the warranties given by the Purchaser contained in the Disposal Agreement;

(6) the entering into of the Assignment Deed and Deed of Novation; and

(7) the Reorganisation having been completed.

The Vendor shall use its best endeavours to procure the fulfillment of the conditions set out in (1), (3), (4), (6) and (7) above. The Purchaser shall use its best endeavours to procure the fulfillment of the conditions set out in (2) and (5) above. The Vendor may in its absolute discretion at any time waive the condition set out in (5) above. The Purchaser may in their absolute discretion at any time waive the condition set out in (4) above. None of the other conditions set out above are capable of being waived.

If the conditions set out above have not been satisfied (or as the case may be, waived) on or before the Long Stop Date, the Disposal Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other hereunder save for any antecedent breaches of the terms thereof.

As at the Latest Practicable Date, conditions (3) has been fulfilled and other conditions remained unfulfilled.

Completion

Completion shall take place within three Business Days after the fulfillment or waiver (as the case may be) of the conditions precedent set out in the Disposal Agreement or such other date as the Vendor and the Purchaser may agree in writing.

Upon Completion, the Target Company will remain as a subsidiary of the Company.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the BVI with limited liability, which is principally engaged in investment holding. As at the date of this circular, the Target company owns the entire equity interest in Citiward and Walker Group China, both are investment holding companies. Citiward owns the entire equity interest in Guangzhou Yinghui, a company established in the PRC with limited liability and is principally engaged in operating of franchised stores in the PRC and Walker Group China owns the entire equity interest in 奧吉斯貿易(北京)有限公司 (Smarter trading (Beijing) Company Limited), 逸盈國際貿易(上海)有限公司 (Billion International Trading (Shanghai) Company Limited) and 傲豐貿易(深圳)有限公司 (Smart Trend Trading (Shenzhen) Company Limited), all are companies established in the PRC with limited liability and are principally engaged in development and retailing of footwear products in the PRC. The reorganisation of Walker Group China has completed on 12 July 2018. Upon completion of the Reorganisation, the Target Company will also own the entire equity interest in Trunari Enterprises and Senet International, all are companies incorporated in Hong Kong with limited liability. Each of Trunari Enterprises and Senet International is principally engaged in investment holding.

Set out below is a summary of the key financial data of the Target Group (as if the Reorganisation having been completed) extracted from the audited consolidated financial statements of the Group for the years ended 31 March 2017 and 2018:

	For the year ended 31 March 2017	**For the year ended 31 March 2018**
	HK$'000	*HK$'000*
Revenue	434,382	250,569
Net loss before tax	(106,760)	(65,654)
Net loss after tax	(106,877)	(65,067)

As at 31 March 2018, the unaudited combined net asset value of the Target Group (as if the Reorganisation having been completed) based on the unaudited financial statements of the Target Group (as if the Reorganisation having been completed) prepared in accordance with the generally accepted accounting principles in Hong Kong was approximately HK$86,903,000.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Target Company will remain as a subsidiary of the Company and the Group will remain to have 51% interests in the Target Group, and the financial results of the Target Group will continue to be consolidated in the financial statements of the Group following Completion.

Assets and liabilities

Having taken into account the Consideration, the unaudited consolidated financial statements of the Group and the unaudited combined financial statements of the Target Group as at 31 March 2018, it is estimated that upon Completion, the consolidated total assets of the Group will be increased by approximately HK$50,000,000 to approximately HK$784,639,000 and the consolidated total liabilities of the Group will have no changes.

GAIN OR LOSS ATTRIBUTABLE TO THE DISPOSAL

Based on the preliminary assessment on the unaudited combined financial information of the Target Group (as if the Reorganisation having been completed) as at 31 March 2018, the unaudited combined net asset value of the Target Group was approximately HK$86,903,000. It is expected that the unaudited combined net asset value of the Target Group will be (i) increased by approximately HK$108,094,000, being the estimated effect of the Deed of Novation; and (ii) decreased by approximately HK$95,266,000, being the estimate effect of the Assignment Deed and the adjusted unaudited combined net asset value of the Target Group would be approximately HK$99,731,000. Taking into account the difference between the Consideration of HK$50,000,000 and 49% of the adjusted unaudited combined net asset value of the Target Group of approximately HK$99,731,000, it is estimated that a gain of approximately HK$1.1 million will be recorded as a result of the Disposal. The actual gain or loss to be recorded by the Group is subject to final audit to be performed by the auditors of the Company. The proceeds from the Disposal will be used as general working capital for daily operations of the Group.

It is estimated that there will be an excess of the Consideration over 49% of the unaudited combined net asset value of the Target Group (as if the Reorganisation having been completed) as at 31 March 2018 of approximately HK$7,418,000.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the retailing of footwear in Hong Kong, the PRC and Taiwan.

As disclosed in the annual report of the Company for the year ended 31 March 2018, the Group obtained licenses to carry out Type 1 (dealing in securities) and Type 9 (asset management) regulated activities under the SFO and also holds a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) (the "**Financial Services Business**"). The Group intended to sell the Financial Services Business and in June 2018, the Company entered into a memorandum of understanding with a potential buyer to sell the Financial Services Business. As at the date hereof, the potential buyer is applying for the necessary approval from the relevant authority.

As disclosed in the annual report of the Company for the year ended 31 March 2018, the Group intended to sell e-Commerce and e-Payment business and planned to cooperate with investors with technical expertise and abundant resources to integrate their edges and resources, thereby strengthening its position in the e-Commerce and e-Payment industry. In August 2017 and June 2018, the Company entered into two non-legally binding memorandums of understanding with the potential buyers to sell the e-Commerce and e-Payment business. As at the date hereof, the Company is still in negotiation with the potential buyers depending on the operation and performance of the e-Commerce and e-Payment business and no formal agreements have been entered into between the parties.

In June 2017, the Company entered into the preliminary agreement with the vendor pursuant to which the Company will acquire the properties located in Milan, Italy (the "**Properties**") from the vendor. The vendor and the Company will further enter into the notarial deed of purchase, which is within six months after completion of the construction of the Properties. The construction of the Properties commenced in June 2017 and the Properties are currently under construction and the construction is expected to be completed in June 2019. The acquisition of Properties presents an opportunity for the Group to gain exposure in one of the most fashionable cities, to enhance brand recognition and image. The Group intends to lease out part of the Properties to set up a lifestyle flagship store that offers entertainment, shopping and catering enjoyment in Milan, Italy. The acquisition of Properties also represents an attractive investment opportunity for the Group and the Group intends to lease out the remaining part of the Properties and it is expected that steady source of rental income generated from the Properties will strengthen the Group's income base.

The Group has been making significant effort with attempt to enhance the operation efficiency in the retail business which requires considerable amounts of capital expenditure. The Target Group, however being a relatively small-scale operator in the PRC market, has been facing great challenges in competing with other market players with larger scale which benefit from economies of scale and higher cost efficiency in the retail business.

Positioned in the highly competitive retail market which is directly affected by the macroeconomic cycle and change in consumer favor in the PRC, the Target Group has demonstrated in the past years its effort to adjust its business strategies from time to time in response to the intense competitive market environment.

However, despite the continuing efforts made by the Target Group in pursuing the effectiveness of new business strategies for the retail business, the Group has been experiencing deteriorating consumer appetite that is making a negative impact to the Group's operating healthiness.

As a result of the rise of e-Commerce and intensified competition, the retail market is expected to face increasing challenges in the PRC market that would lead to increasing uncertainties in the future prospect. After exploring available means to improve operating effectiveness of the retail business in the course of evaluating the overall business plan of the Group, the Company considered that the Disposal can enhance the cash flow of the Group and improve its financial strength. The Group can also better utilise its resources to its existing business.

The Purchaser has been engaged in shoes manufacturing for a long period of time and has connections and networks with shoes manufacturers who would produce varieties of shoes products for the Target Group at a reasonable price as well as line-up overseas brands consignment partnership for the Target Group. The above to be brought to the Target Group by the Purchaser is expected to make a material contribution and create strong synergy for the Target Group.

The Target Company will remain as a subsidiary of the Company after Completion and the Company intends to leverage on the synergy effect the Purchaser would bring to the Target Group and revitalises the shoes retailing business. Despite the Disposal, the Company intends to maintain its retailing business of footwear in Hong Kong, the PRC and Taiwan and as at the Latest Practicable Date, the Company has no intention to further dispose, scale-down and/or termination its existing businesses and/or major operating assets.

As at the Latest Practicable Date, other than the acquisition of Properties as disclosed in the circular of the Company dated 31 October 2017, the Company has no intention or negotiation or entered into any agreement, arrangement or understanding regarding any potential acquisition(s) and/or investment in other business segments.

Accordingly, the Directors are of the view that the terms of the Disposal Agreement are on normal commercial terms and 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 calculated in accordance with the Listing Rules in respect of the Disposal exceed 25% but are below 75%, the Disposal constitutes a major transaction of the Company and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

WRITTEN SHAREHOLDERS' APPROVAL

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders have a material interest in the Disposal Agreement and the transactions contemplated thereunder and therefore no Shareholder is required to abstain from voting if a general meeting were to be convened for the approval of the Disposal Agreement and the transactions contemplated thereunder. Pursuant to Rule 14.44 of the Listing Rules, in lieu of holding a general meeting of the Company, a written shareholder's approval for the Disposal Agreement and the transactions contemplated thereunder has been obtained from China Consume Elderly Care Holdings Limited, a Controlling Shareholder directly holding 513,300,002 Shares, representing approximately 71.67% of the issued share capital of the Company as at the date of the Announcement. Accordingly, the general meeting requirement to obtain Shareholders' approval for the Disposal Agreement and the transactions contemplated thereunder is to be dispensed with. This circular is therefore sent to the Shareholders for their information only.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular. The English text shall prevail over the Chinese text in this circular.

Yours faithfully,
For and on behalf of the Board
Vestate Group Holdings Limited
ZHU Xiaojun
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 31 March 2016, 2017 and 2018 are disclosed in the annual reports of the Company for the years ended 31 March 2016, 2017 and 2018 respectively. These annual reports are published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (http://www.vestategroup.com).

- Annual report of the Company for the year ended 31 March 2016 posted on 14 July 2016 (pages 43 to 120)

- Annual report of the Company for the year ended 31 March 2017 posted on 26 July 2017 (pages 55 to 164)

- Annual report of the Company for the year ended 31 March 2018 posted on 13 July 2018 (pages 56 to 172)

The management discussion and analysis of the Company for the years ended 31 March 2016, 2017 and 2018 are disclosed in the annual reports of the Company for the years ended 31 March 2016, 2017 and 2018 respectively.

2. INDEBTEDNESS STATEMENT

Borrowings

As at the close of business on 30 June 2018 (being the latest practicable date for the purpose of this indebtedness statement), the Group had outstanding borrowings of approximately HK$503,739,000, comprising convertible bonds of approximately HK$155,753,000, bonds of approximately HK$347,785,000 and finance lease of approximately HK$201,000.

Contingent liabilities

As at the close of business on 30 June 2018 (being the latest practicable date for the purpose of this indebtedness statement), the Group has no material contingent liabilities outstanding.

Pledged assets and share charge

As at 30 June 2018, the Group had no pledge of assets.

On 5 May 2017, the Company entered into a subscription agreement with an investor, pursuant to which the Company agreed to issue and the investor agreed to subscribe from the Company, bonds in the principal amount of HK$350,000,000 due 2019. The Company charged 60,000,000 shares in China Consume Financial Holdings Company Limited, a wholly-owned subsidiary of the Company, in favour of the investor as a continuing security for the payment and discharge of the obligations of the Company under the bonds.

Disclaimer

Save as aforesaid or as otherwise disclosed herein, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any term loans (secured, unsecured, guaranteed or not), any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments (whether secured or unsecured, guaranteed or not), any mortgages or charges, or other material contingent liabilities or guarantees at the close of business of 30 June 2018.

The Directors are not aware of any material changes in the Group's indebtedness and contingent liabilities since the close of business on 30 June 2018.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account of the Group's internal resources, cash flow from operations, facilities available to the Group, the working capital available to the Group is sufficient for the Group's requirements for at least twelve months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors have confirmed that they were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2018, being the date to which the latest published audited accounts of the Company were made up to.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the retailing of footwear in Hong Kong, the PRC and Taiwan.

Upon completion of the Disposal, the Group will remain to have 51% interests in the Target Group, and the financial results of the Target Group will continue to be consolidated in the financial statements of the Group following Completion.

The Purchaser has been engaged in shoes manufacturing for a long period of time, the knowledge, network and resources brought to the Target Group by the Purchaser is expected to make a material contribution and create strong synergy for the Target Group. With the material contribution and synergy that the Purchaser is expected to bring to the Target Group, the Group will continue to carry out the businesses of (i) retailing footwear products through its self-managed retail shops, concession points in department stores, franchised stores as well as online stores; and (ii) footwear design and development.

The Group will continue to explore opportunities for new business and performance growth, as well as for timely expansion of the Group’s scope of operation and investments.

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 or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors and chief executives of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of the Part XV of the SFO) (i) 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 they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:

Name	Capacity	Number of shares/ underlying shares held	Approximate percentage of shareholding
Zhu Xiaojun *(Note 1)*	Interest in controlled corporation	513,300,002	71.67%
Kang Jianming *(Note 2)*	Beneficial interest	6,000,000	0.84%
Cai Jiaying *(Note 2)*	Beneficial interest	6,000,000	0.84%
Yin Wansun *(Note 2)*	Beneficial interest	6,000,000	0.84%
Zhao Hong *(Note 2)*	Beneficial interest	500,000	0.07%

Notes:

1. 513,300,002 Shares are beneficially owned by China Consume Elderly Care Holdings Limited, a company incorporated in the Republic of Seychelles with limited liability and the entire issued share capital of which is owned by Mr. Zhu Xiaojun, an executive Director and the chairman of the Board. Accordingly, Mr. Zhu Xiaojun is deemed to be interested in the entire 513,300,002 Shares held by China Consume Elderly Care Holdings Limited under the SFO.

2. These represent the number of Shares which will be allotted and issued to such Directors upon the exercise of the options granted to each of them under the share option scheme adopted by the Company on 21 May 2007.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) 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 they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

3. COMPETING INTEREST

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective associates had any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group, or have or may have any other conflicts of interest with the Group.

4. DIRECTORS' SERVICE CONTRACTS

Each of Mr. ZHU Xiaojun, Mr. KANG Jianming, Ms. CAI Jiaying and Mr. YIN Wansun, executive Director of the Company, has entered into their respective service contracts with the Company for an initial term of three years commencing from 3 February 2016, 3 February 2016, 1 April 2016 and 19 May 2016 respectively. Each of Ms. ZHAO Hong, Mr. CHAU Wai Hing and Mr. LEUNG Man Ho, independent non-executive Director of the Company, has also entered into their respective appointment letters with the Company for a period of one year commencing from 1 April 2018. All their appointments are subject to retirement by rotation, re-election and other related provisions according to the articles of association of the Company.

As at the Latest Practicable Date, other than as disclosed above, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which would not expire or was not determinable within one year without payment of compensation, other than statutory compensation.

5. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors were materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was 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 interest, directly or indirectly, in any assets which have been, since 31 March 2018 (being the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. LITIGATION

As at the Latest Practicable Date, no litigation or claims of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Company or any of its subsidiaries within the two years immediately preceding the date of this circular and are or may be material:

(i) the Disposal Agreement;

(ii) the preliminary agreement dated 17 June 2017 entered into by the Company and China Investment S.p.A. in relation to the sale and purchase of properties in Milan, Italy;

(iii) the subscription agreement dated 5 May 2017 entered into by the Company and an investor pursuant to which the Company agreed to issue and the investor agreed to subscribe from the Company bonds in the principal amount of HK$350,000,000 due 2019;

(iv) the sale and purchase agreement dated 10 January 2017 entered into between Silver Summit Ventures Limited and Golden Ahead International Limited in respect of the sale and purchase of 10,000 shares of China Consume Financial Holdings Company Limited;

(v) the loan agreements dated 7 September 2016 entered into between Billion International Trading (Shanghai) Company Limited and the borrower in relation to the advance of a loan in the total principal of up to RMB16,000,000;

(vi) the loan agreements dated 21 September 2016 entered into between Billion International Trading (Shanghai) Company Limited and the borrower in relation to the advance of a loan in the total principal of up to RMB16,000,000; and

(vii) the loan agreements dated 28 September 2016 entered into between Billion International Trading (Shanghai) Company Limited and the borrower in relation to the advance of a loan in the total principal of up to RMB16,000,000.

8. GENERAL

(a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(b) The head office and principal place of business in Hong Kong of the Company is situated at Suite 708, 7th Floor, Champion Tower, 3 Garden Road, Central, Hong Kong.

(c) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The company secretary of the Company is Mr. Fung Wing Kam Terence, who is a certified public accountant and a certified information systems auditor.

(e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text thereof.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at Suite 708, 7th Floor, Champion Tower, 3 Garden Road, Central, Hong Kong during normal business hours on any weekday (except public holidays) up to and including the date which is 14 days from the date of this circular:

(a) the memorandum of association and articles of association of the Company;

(b) the annual reports of the Company and its subsidiaries for the two financial years ended 31 March 2017 and 31 March 2018;

(c) the service contracts as referred to under the section headed "4. Directors' service contracts" in this appendix;

(d) the material contracts as referred to under the section headed "7. Material Contracts" in this appendix; and

(e) this circular.