
IMPORTANT

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

If you have sold or transferred all your shares in Easyknit Enterprises Holdings Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



Easyknit Enterprises Holdings Limited

永義實業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 616)

PROPOSED CAPITAL REORGANISATION

A notice convening the SGM of Easyknit Enterprises Holdings Limited to be held at 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Monday, 22 September 2008 at 9.00 a.m. is set out on pages 11 to 12 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return it to the principal place of business of the Company in Hong Kong at 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

* For identification only

Hong Kong, 29 August 2008

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EXPECTED TIMETABLE

The expected timetable for the implementation of the Capital Reorganisation is set out below. The timetable is subject to the results of the SGM. The Company will notify the Shareholders of any changes to the expected timetable by way of announcement(s) as and when appropriate.

2008

Latest time for return of proxy form of SGM (not less than 48 hours before the SGM)	9:00 a.m., Saturday, 20 September
Expected date and time of the SGM	9:00 a.m., Monday, 22 September
Effective date of the Capital Reorganisation	9:30 a.m., Tuesday, 23 September
Commencement of dealings in Consolidated Shares	Tuesday, 23 September
Original counter for trading in Shares (in board lots of 5,000 Shares) to be closed	9:30 a.m., Tuesday, 23 September
Temporary counter for trading in Consolidated Shares in board lots of 50 Consolidated Shares (in form of existing share certificates) to be opened	9:30 a.m., Tuesday, 23 September
Free exchange of existing share certificates for new share certificates commences	Tuesday, 23 September
Original counter for trading in Consolidated Shares (in board lots of 2,000 Consolidated Shares) to be re-opened	9:30 a.m., Thursday, 9 October
Parallel trading in Consolidated Shares (in form of new and existing certificates) begins	9:30 a.m., Thursday, 9 October
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares	Thursday, 9 October
Temporary counter for trading in Consolidated Shares in board lots of 50 Consolidated Shares (in form of existing share certificates) to be closed	4:10 p.m., Wednesday, 29 October
Parallel trading in Consolidated Shares (in form of new and existing certificates) ends	4:10 p.m., Wednesday, 29 October
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares	4:10 p.m., Wednesday, 29 October
Free exchange of existing share certificates for new share certificates ends	Tuesday, 4 November

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 14 August 2008 relating to, among other things, the proposed Capital Reorganisation
“Authorised Capital Reduction”	the reduction of the nominal value of all shares in the authorised share capital of the Company from HK\$0.01 each to HK\$0.0001 each, resulting in the reduction of the authorised share capital from HK\$200,000,000 to HK\$2,000,000 divided into 20,000,000,000 shares of HK\$0.0001 each
“Authorised Capital Increase”	upon the Issued Capital Reduction, the Authorised Capital Reduction and the Share Consolidation becoming effective, the increase of the authorised share capital of the Company from HK\$2,000,000 divided into 200,000,000 Consolidated Shares of HK\$0.01 each to HK\$200,000,000 divided into 20,000,000,000 Consolidated Shares of HK\$0.01 each by the creation of 19,800,000,000 new Consolidated Shares
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Capital Reorganisation”	the Issued Capital Reduction, the Authorised Capital Reduction, the Share Consolidation, the Authorised Capital Increase and the Set-Off against Accumulated Losses
“Company”	Easyknit Enterprises Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Companies Act”	Companies Act 1981 of Bermuda (as amended)
“Consolidated Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company after the Capital Reorganisation becoming effective
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issued Capital Reduction”	the reduction of the issued share capital of the Company by cancelling the paid up capital to the extent of HK\$0.0099 on each issued Share such that the nominal value of all the issued Shares will be reduced from HK\$0.01 each to HK\$0.0001 each
“Latest Practicable Date”	26 August 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Reduced Share(s)”	share(s) of HK\$0.0001 each in the share capital of the Company after the Issued Capital Reduction and the Authorised Capital Reduction becoming effective
“Set-Off against Accumulated Losses”	upon the Issued Capital Reduction, the Authorised Capital Reduction, the Share Consolidation and the Authorised Capital Increase taking effect, the transfer of the credit amount arising from the Issued Capital Reduction to the contributed surplus account of the Company, and the application of the appropriate amounts therein to set off against part of the accumulated losses of the Company
“SGM”	the special general meeting of the Company expected to be held at 9:00 a.m. on Monday, 22 September 2008 at which resolutions will be proposed to consider and, if thought fit, approve the Capital Reorganisation
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company before the Capital Reorganisation becoming effective
“Share Consolidation”	upon the Issued Capital Reduction and the Authorised Capital Reduction taking effect, the consolidation of every one hundred (100) issued and unissued shares of HK\$0.0001 each in the issued and unissued share capital of the Company into one (1) Consolidated Share of HK\$0.01 each
“Shareholder(s)”	holder(s) of Share(s) or Consolidated Share(s) (as the case may be)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

LETTER FROM THE BOARD



Easyknit Enterprises Holdings Limited

永義實業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 616)

Executive Directors:

Mr. Kwong Jimmy Cheung Tim

(Chairman & Chief Executive Officer)

Ms. Lui Yuk Chu (Deputy Chairman)

Non-executive Director:

Mr. Tse Wing Chiu, Ricky

Independent Non-executive Directors:

Mr. Kan Ka Hon

Mr. Lau Sin Ming

Mr. Foo Tak Ching

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM 12

Bermuda

*Head office and principal place of
business in Hong Kong:*

7th Floor

Hong Kong Spinners Building, Phase 6

481-483 Castle Peak Road

Cheung Sha Wan

Kowloon

Hong Kong

29 August 2008

To the Shareholders

Dear Sir or Madam,

PROPOSED CAPITAL REORGANISATION

INTRODUCTION

The Board would like to make reference to the Announcement relating to the proposed Capital Reorganisation, which involves the Issued Capital Reduction, the Authorised Capital Reduction, the Share Consolidation, the Authorised Capital Increase and the Set-Off against Accumulated Losses. The Capital Reorganisation is conditional upon, inter alia, the approval of the Shareholders at the SGM.

The purpose of this circular is to provide you with, among other things, further information on the proposed Capital Reorganization, the associated trading arrangement in respect thereof and a notice of the SGM.

* For identification only

LETTER FROM THE BOARD

PROPOSED CAPITAL REORGANISATION

The Company proposes to put forward the Capital Reorganisation and the terms expressed below, for approval by the Shareholders:

- (a) Issued Capital Reduction — the issued share capital of the Company be reduced by cancelling the paid up capital to the extent of HK\$0.0099 on each issued Share such that the nominal value of all the issued Shares will be reduced from HK\$0.01 each to HK\$0.0001 each.

Accordingly, based on the number of Shares in issue as at the Latest Practicable Date, the issued share capital of the Company of HK\$66,749,900 comprising 6,674,990,000 Shares will be reduced by HK\$66,082,401 to HK\$667,499 comprising 6,674,990,000 Reduced Shares of HK\$0.0001 each;

- (b) Authorised Capital Reduction — the nominal value of all shares in the authorised share capital of the Company be also reduced from HK\$0.01 each to HK\$0.0001 each, resulting in the reduction of the authorised share capital from HK\$200,000,000 to HK\$2,000,000 divided into 20,000,000,000 shares of HK\$0.0001 each;
- (c) Share Consolidation — upon the Issued Capital Reduction and the Authorised Capital Reduction becoming effective, every one hundred (100) issued and unissued shares of HK\$0.0001 each in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Share of HK\$0.01 each;
- (d) Authorised Capital Increase — upon the Issued Capital Reduction, the Authorised Capital Reduction and the Share Consolidation becoming effective, the authorised share capital of the Company be increased from HK\$2,000,000 divided into 200,000,000 Consolidated Shares of HK\$0.01 each to HK\$200,000,000 divided into 20,000,000,000 Consolidated Shares of HK\$0.01 each by the creation of 19,800,000,000 new Consolidated Shares; and
- (e) Set-Off against Accumulated Losses — upon the Issued Capital Reduction, the Authorised Capital Reduction, the Share Consolidation and the Authorised Capital Increase becoming effective, the credit amount of HK\$66,082,401 arising from the Issued Capital Reduction will be transferred to the contributed surplus account of the Company to set off against part of the accumulated losses of the Company amounting to HK\$131,747,676.06 as at 31 March 2008. After the setting off, the balance of accumulated losses of the Company is expected to be HK\$65,665,275.06.

The issued Consolidated Shares will rank *pari passu* in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

LETTER FROM THE BOARD

Financial effects of the Capital Reorganisation

Other than the relevant expenses incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interests of the Shareholders as a whole. The Directors believe that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group.

Reasons for the Capital Reorganisation and change in board lot size

The Board believes that the Capital Reorganisation is beneficial to the Company and the Shareholders as a whole.

The Share Consolidation will reduce the number of board lots in the market. The existing Shares are presently traded in board lots of 5,000. It is proposed that the Consolidated Shares will be traded in board lots of 2,000. Accordingly, the market price of the Shares will increase by 100 times theoretically upon the Share Consolidation becoming effective. Based on the closing price quoted on the Stock Exchange as at the Latest Practicable Date of HK\$0.01 per Share, the value per board lot of 5,000 Shares and 2,000 Consolidated Shares are HK\$50 and HK\$2,000 respectively. The transaction cost per dollar value of each Consolidated Share will therefore be lower.

After the completion of the Capital Reorganisation, the market value of the Consolidated Shares will be above the nominal value of the Consolidated Shares of HK\$0.01 each. The Board is of the opinion that the proposed nominal value of the Consolidated Shares to be maintained at HK\$0.01 each will provide the Company with greater flexibility for the issue of new Consolidated Shares in the future and is thus in the interests of the Company and Shareholders as a whole. The Board has no present intention to issue any new Consolidated Shares.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon the following:

- (a) the passing by the Shareholders of the necessary resolutions at the SGM to approve the Capital Reorganisation;
- (b) the compliance with the relevant legal procedures and requirements under the Companies Act to effect the Capital Reorganisation;
- (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares.

LETTER FROM THE BOARD

Effective date of the Capital Reorganisation

Subject to the above conditions being fulfilled, the Capital Reorganisation is expected to become effective at 9:30 a.m. on 23 September 2008.

Application for listing and dealing of the Consolidated Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Consolidated Shares in issue after the Capital Reorganisation becoming effective.

Subject to granting of the listing of and permission to deal in the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or, under contingent situation, such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Free exchange of the share certificates and trading arrangements

Subject to the Capital Reorganisation becoming effective, dealings in the Consolidated Shares are expected to commence on Tuesday, 23 September 2008. Parallel trading arrangements will be established with the Stock Exchange and will be operated from 9:30 a.m. on Thursday, 9 October 2008 to 4:10 p.m. on Wednesday, 29 October 2008 (both days inclusive). Upon the Capital Reorganisation becoming effective, the arrangements proposed for dealings in the Consolidated Shares are expected to be as follows:

- (i) From 9:30 a.m. on 23 September 2008, the existing counter for trading in the Shares in board lots of 5,000 Shares will be temporarily closed. A temporary counter will be established for trading in the Consolidated Shares in board lots of 50 Consolidated Shares. Share certificates for the Consolidated Shares in the form of existing share certificates of the Shares may only be traded at the temporary counter.
- (ii) With effect from 9:30 a.m. on 9 October 2008, the existing counter will be re-opened for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares. Only the new share certificates for the Consolidated Shares may be traded at the existing counter.
- (iii) From 9:30 a.m. on 9 October 2008 to 4:10 p.m. on 29 October 2008, both days inclusive, parallel trading will be permitted at the two counters mentioned in paragraphs (i) and (ii) above.

LETTER FROM THE BOARD

- (iv) The temporary counter for trading in the Consolidated Shares in board lots of 50 Consolidated Shares (in the form of existing share certificates for the Shares) will be removed after the close of trading at 4:10 p.m. on 29 October 2008.
- (v) With effect from 9:30 a.m. on Thursday, 30 October 2008, trading of Consolidated Shares will only be carried out in the original counter in board lots of 2,000 Consolidated Shares (in the form of new share certificates for the Consolidated Shares).

The existing share certificates for the Shares will only be valid for delivery, trading and settlement purposes for the period up to Wednesday, 29 October 2008 and thereafter will not be accepted for delivery, trading and settlement purposes. Shareholders may, during the period from Tuesday, 23 September 2008 to Tuesday, 4 November 2008, submit their share certificates for the Shares to the Company's share registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the Consolidated Shares. Thereafter, share certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate issued or cancelled, whichever is higher.

Nevertheless, share certificates for the Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for the Consolidated Shares at any time. It is expected that new share certificates for the Consolidated Shares will be available for collection within 10 Business Days from the date of submission of the share certificates for the Shares to Company's share registrar in Hong Kong, Tricor Secretaries Limited, for exchange. The existing share certificate of the Shares is light blue in colour and the new share certificate for the Consolidated Shares will be orange in colour so as to distinguish from the certificate of existing Shares.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company has appointed Get Nice Securities Limited to provide matching service, on the best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of Consolidated Shares. Shareholders who wish to utilise the service should contact Get Nice Securities Limited at (852) 2526 7738 or at 10/F, Cosco Tower, Grand Millennium Plaza, 183 Queen's Road Central, Hong Kong, during the period from Thursday, 9 October 2008 to 4:10 p.m. on Wednesday, 29 October 2008, both days inclusive.

Holders of Consolidated Shares in odd lots should note that successful matching of the sale and purchase of odd lots of Consolidated Shares will not be guaranteed. Shareholders are advised to consult their professional advisers if they are in doubt about the above arrangement.

LETTER FROM THE BOARD

Effect on the share capital of the Company

The following table shows the effects on the share capital of the Company under the Capital Reorganisation on the basis of the existing issued share capital of the Company and assuming no further issue of new Shares from the Latest Practicable Date up to the date on which the Capital Reorganisation becoming effective:

Authorised share capital

20,000,000,000	Shares with a par value of HK\$0.01 each as at the Latest Practicable Date	HK\$200,000,000
20,000,000,000	Consolidated Shares with a par value of HK\$0.01 each after Capital Reorganisation becoming effective	HK\$200,000,000

Issued share capital (paid up or credited as fully paid up)

6,674,990,000	Shares with a par value of HK\$0.01 each as at the Latest Practicable Date	HK\$66,749,900
66,749,900	Consolidated Shares with a par value of HK\$0.01 each after Capital Reorganisation becoming effective	HK\$667,499

As at the Latest Practicable Date, the Company did not have any outstanding warrants, share options or other securities which are convertible into or give rights to subscribe for Shares.

Fractional entitlement of the Consolidated Shares

Fractions of Consolidated Shares, if any, arising from and upon the Share Consolidation to which the Shareholders are otherwise entitled will not be issued to them but will be aggregated and sold (less expenses) for the benefit of the Company.

SGM

A notice convening the SGM to be held at 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Monday, 22 September 2008 at 9:00 a.m. is set out on pages 11 to 12 of this circular.

To the best of the Directors' knowledge and information, no Shareholder is required to abstain from voting for the special resolution to be proposed at the SGM for approving the Capital Reorganisation.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's principal place of business in Hong Kong at 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon,

LETTER FROM THE BOARD

Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or for any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so desire.

RIGHT TO DEMAND A POLL

Pursuant to Bye-law 70, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (a) by the chairman of the meeting; or
- (b) by at least three Shareholders present in person or by duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by any Shareholder or Shareholders present in person or by duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (d) by any Shareholder or Shareholders present in person or by duly authorised corporate representative or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

Unless a poll be so demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.

RECOMMENDATION

The Directors are of the opinion that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of the special resolution to be proposed at the SGM.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in this circular misleading.

Yours faithfully,
By order of the Board of
Easyknit Enterprises Holdings Limited
Kwong Jimmy Cheung Tim
Chairman and Chief Executive Officer

NOTICE OF SPECIAL GENERAL MEETING



Easyknit Enterprises Holdings Limited

永義實業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 616)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a Special General Meeting (“SGM”) of Easyknit Enterprises Holdings Limited (“Company”) will be held at 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Monday, 22 September 2008 at 9:00 a.m. for the purpose of considering and, if thought fit, passing the following special resolution:

SPECIAL RESOLUTION

“**THAT** with effect from 9:30 a.m. on 23 September 2008 (Hong Kong time):

- (a) the issued share capital of the Company be reduced by cancelling the paid up capital to the extent of HK\$0.0099 on each issued share such that the nominal value of all the issued shares will be reduced (the “Issued Capital Reduction”) from HK\$0.01 each to HK\$0.0001 each;
- (b) the nominal value of all shares in the authorised share capital of the Company be reduced from HK\$0.01 each to HK\$0.0001 each, resulting in the reduction of the authorised share capital from HK\$200,000,000 to HK\$2,000,000 divided into 20,000,000,000 shares of HK\$0.0001 each (the “Authorised Capital Reduction”);
- (c) upon the Issued Capital Reduction and the Authorised Capital Reduction becoming effective, every one hundred (100) issued and unissued shares of HK\$0.0001 each in the issued and unissued share capital of the Company be consolidated (the “Share Consolidation”) into one (1) share of HK\$0.01 each (“Consolidated Share”);
- (d) upon the Issued Capital Reduction, the Authorised Capital Reduction and the Share Consolidation becoming effective, the authorised share capital of the Company be increased from HK\$2,000,000 divided into 200,000,000 Consolidated Shares of HK\$0.01 each to HK\$200,000,000 divided into 20,000,000,000 Consolidated Shares of HK\$0.01 each by the creation of 19,800,000,000 new Consolidated Shares (the “Authorised Capital Increase”);
- (e) upon the Issued Capital Reduction, the Authorised Capital Reduction, the Share Consolidation and the Authorised Capital Increase becoming effective, the credit amount arising from the Issued Capital Reduction be transferred to the contributed surplus account of the Company and a sum of HK\$66,082,401 in the contributed surplus account of the Company be applied to set off

NOTICE OF SPECIAL GENERAL MEETING

against the accumulated losses of the Company, which amounted to HK\$131,747,676.06 as at 31 March 2008, and the Directors be authorised to utilise the remaining credit balance in the contributed surplus account in accordance with the bye-laws of the Company and all applicable laws; and

- (f) the Directors be and are hereby authorised to do all things and acts and sign all documents which they consider necessary, desirable, or expedient in connection with the implementation of the above.”

By order of the Board of
Easyknit Enterprises Holdings Limited
Kwong Jimmy Cheung Tim
Chairman and Chief Executive Officer

Hong Kong, 29 August 2008

Notes:

1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
2. Any shareholder of the Company entitled to attend and vote at the meeting of the Company or a meeting of the holders of any class of shares in the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's principal place of business in Hong Kong at 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong not less than 48 hours before the time for holding the meeting or the adjourned meeting or poll (as the case may be) at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
4. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.

** For identification only*