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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 of Easyknit Enterprises Holdings Limited (the “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 Tuesday, 13 October 2009 at 9:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, the first of which will be proposed as a special resolution and the second of which will be proposed (with or without amendment) as an ordinary resolution:-

SPECIAL RESOLUTION

1. **“THAT**, conditional upon:

- (a) compliance with the relevant legal procedures and requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) and the Companies Act 1981 Bermuda (as amended) to effect the following; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares (as defined below)

with effect from 9:30 a.m. on 14 October 2009 (Hong Kong time):

- (i) the issued share capital of the Company be reduced by cancelling the paid-up capital to the extent of HK\$0.009 on each of the issued shares of HK\$0.01 each such that the nominal value of each of the issued shares be reduced (“**Issued Capital Reduction**”) from HK\$0.01 to HK\$0.001;
- (ii) upon the Issued Capital Reduction becoming effective, every ten (10) issued shares of HK\$0.001 each be consolidated (“**Share Consolidation**”) into one (1) share of HK\$0.01 each (“**Adjusted Share**”);
- (iii) the entire amount standing to the credit of the share premium account of the Company be reduced from HK\$369,309,535.29 to nil (“**Share Premium Reduction**”);

* *For identification only*

- (iv) the credit amount arising from the Issued Capital Reduction and the Share Premium Reduction be transferred to the contributed surplus account of the Company, and an appropriate amounts in the contributed surplus account be applied to set off against the total accumulated losses of the Company (“Set-Off against Accumulated Losses”); and
- (v) the directors of the Company be and are hereby authorised to utilise the credit balance in the contributed surplus account in accordance with the bye-laws of the Company and applicable laws (including by way of Set Off against Accumulated Losses of the Company) and do all things and acts and sign all documents and take such steps as they consider necessary, desirable, or expedient in connection with the implementation of the above.”

ORDINARY RESOLUTION

2. “THAT

- (i) the underwriting agreement between Kingston Securities Limited and the Company dated 17 August 2009 (“Underwriting Agreement”) as supplemented by a side letter dated 21 August 2009 (a copy of the Underwriting Agreement and the side letter having been produced to this meeting and marked “A” and “B” respectively and initialled by the chairman of the meeting for the purpose of identification) be and is hereby confirmed, approved and ratified;
- (ii) subject to the Underwriting Agreement becoming unconditional, and the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Rights Shares (as defined below) in their nil-paid and fully-paid forms, the allotment and issue of 293,699,560 new shares of HK\$0.01 each (“Rights Shares”) pursuant to an offer by way of rights to holders of shares of HK\$0.01 each (“Shareholders”) in the Company at HK\$0.38 per Rights Share (“Rights Issue”) in the proportion of four (4) Rights Shares for every share of HK\$0.01 each held by Shareholders on and subject to the terms and conditions set out in the circular to the Shareholders dated 11 September 2009 (“Circular”) and on such other terms and conditions as may be determined by the directors of the Company be and is hereby approved; and
- (iii) the directors of the Company be and are hereby authorised to allot and issue the Rights Shares on terms as set out in the Circular and to do all such acts and things, to sign and execute all documents and to take such steps as they consider necessary, desirable, or expedient to give effect to or in connection with the Rights Issue and the Underwriting Agreement or any of the transactions contemplated thereunder.”

By order of the Board of
EASYKNIT ENTERPRISES HOLDINGS LIMITED
Kwong Jimmy Cheung Tim
Chairman and Chief Executive Officer

Hong Kong, 11 September 2009

Notes:

1. Any shareholder of the Company entitled to attend and vote at the meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
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. Delivery of an instrument appointing a proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting or upon the poll concerned and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. 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.

As at the date of this announcement, the Board comprises Mr. Kwong Jimmy Cheung Tim and Ms. Lui Yuk Chu as executive directors, Mr. Tse Wing Chiu, Ricky as non-executive director and Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Foo Tak Ching as independent non-executive directors.