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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional 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 to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**MAJOR TRANSACTION
INVOLVING DISPOSAL OF LAND
FORMING PART OF THE HUZHOU PROJECT
AND
PROGRESS OF THE HUZHOU PROJECT**

A letter from the board of directors of Easyknit Enterprises Holdings Limited is set out on pages 4 to 10 of this circular.

A notice convening a special general meeting of Easyknit Enterprises Holdings Limited (“SGM”) to be held at Unit A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on 23 April 2010 at 9 a.m. is set out on pages 28 to 30 of this circular. Whether or not shareholders are able to attend the SGM, they are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company’s principal place of business in Hong Kong at Unit A, 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 the SGM. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the SGM or any adjournment thereof, should they so wish.

* *For identification only*

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Appendix I — Financial Information about the Group	11
Appendix II — Property Valuation Report	13
Appendix III — General Information	20
Notice of the SGM	28

DEFINITIONS

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

“Board”	the board of Directors;
“Company” and “Easyknit Enterprises”	Easyknit Enterprises Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of Stock Exchange;
“Director(s)”	director(s) of the Company;
“Disposal”	the sale of the Repurchased Lands pursuant to the Sale and Purchase Agreement;
“Easyknit Dyeing and Printing (Huzhou)”	永義漂染(湖州)有限公司 (Easyknit Dyeing and Printing (Huzhou) Co, Limited), a wholly foreign owned enterprise incorporated in the PRC and held by Easyknit Mauritius;
“Easyknit Mauritius”	Easyknit (Mauritius) Limited, a company incorporated in the Republic of Mauritius and a wholly owned subsidiary of the Company;
“Easyknit Weaving (Huzhou)”	永義紡織(湖州)有限公司 (Easyknit Weaving (Huzhou) Co, Limited), a wholly foreign owned enterprise incorporated in the PRC and held by Easyknit Mauritius;
“Guarantor”	the Finance Bureau of Wuxing District;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Huzhou Project”	development of manufacturing operations in relation to the garment production, bleaching, dyeing, weaving and knitting operations and waste water treatment plant that were planned to be located at the plant being constructed and developed at the Site;
“Independent Third Party(ies)”	a third party who, to the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, is independent of the Company and of connected persons (as defined in the Listing Rules) of the Company;
“Independent Valuer”	Merryshine Surveyors Limited, the independent valuer of the Repurchased Lands;

DEFINITIONS

“Latest Practicable Date”	29 March 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Repurchased Lands”	the three pieces of land forming part of the Site of an aggregate area of approximately 303 mu (equivalent to approximately 202,000 sq.m.) situated at the West of Dongliang Road, Zhili Town, Wuxing District, Huzhou City, Zhejiang Province of the PRC and the South of Hongtang Harbour, PRC;
“RMB”	renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the conditional agreement dated 1 March 2010 between the Zhili Town Government, the Vendors, the Guarantor and Easyknit Mauritius for the sale by the Vendors and the purchase by the Zhili Town Government of the Repurchased Lands;
“SGM”	the special general meeting of the Company to be convened at Unit A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on 23 April 2010 at 9:00 a.m.;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Site”	the land of an aggregate area of approximately 632 mu situated at the West of Dongliang Road, Zhili Town, Wuxing District, Huzhou City, Zhejiang Province of the PRC and the South of Hongtang Harbour, PRC;
“sq.m.”	square metres;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendors”	永義紡織(湖州)有限公司 (Easyknit Weaving (Huzhou) Co, Limited) and 永義漂染(湖州)有限公司 (Easyknit Dyeing and Printing (Huzhou) Co, Limited);

DEFINITIONS

“Zhili Town Government” the People’s Government of Zhili Town, Wuxing District, Huzhou City, Zhejiang Province of the PRC; and

“%” percentage or per centum.

For the purpose of illustration only, amounts denominated in RMB have been translated into HK\$ at the rate of HK\$1 = RMB0.8798. Such translation should not be construed as a representation that the amounts could have been or could be converted at the stated rate or at any other rates.

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 and 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:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head Office and Principal Place of
Business in Hong Kong:*

Unit A, 7th Floor
Hong Kong Spinners Building
Phase 6, 481-483 Castle Peak Road
Cheung Sha Wan
Kowloon
Hong Kong

31 March 2010

To the Shareholders,

Dear Sir or Madam,

**MAJOR TRANSACTION
INVOLVING DISPOSAL OF LAND
FORMING PART OF THE HUZHOU PROJECT
AND
PROGRESS OF THE HUZHOU PROJECT**

INTRODUCTION

The Company made an announcement on 1 March 2010 in respect of the Disposal. The purpose of this circular is to set out further details of the Disposal and to provide you with a notice convening the SGM at which a resolution will be proposed to consider and, if thought fit, approve the Disposal.

* *For identification only*

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the circulars of the Company dated 21 February 2005 and 22 December 2005 and the announcements of the Company dated 20 October 2008 and 24 February 2009 in relation to, amongst other things, the acquisition and updates on the progress of the Huzhou Project.

On 1 March 2010, Easyknit Weaving (Huzhou), Easyknit Dyeing and Printing (Huzhou) (as the Vendors) and the Zhili Town Government (as the purchaser), amongst others, entered into the Sale and Purchase Agreement in connection with the Disposal.

THE SALE AND PURCHASE AGREEMENT

A summary of the principal terms of the Sale and Purchase Agreement is set out below.

Date

1 March 2010

Parties

- (1) the Zhili Town Government, as purchaser;
 - (2) Easyknit Weaving (Huzhou);
 - (3) Easyknit Dyeing and Printing (Huzhou);
- (both Easyknit Weaving (Huzhou) and Easyknit Dyeing and Printing (Huzhou) as the Vendors)
- (4) Finance Bureau of Wuxing District, as guarantor; and
 - (5) Easyknit Mauritius

To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, the Zhili Town Government and the Guarantor are Independent Third Parties.

Subject matter of the Sale and Purchase Agreement

Subject to the terms and conditions of the Sale and Purchase Agreement, the Vendors have agreed to sell and the Zhili Town Government has agreed to purchase, the Repurchased Lands.

LETTER FROM THE BOARD

Consideration

The consideration for the sale of the Repurchased Lands is RMB47,517,810 (approximately HK\$54,010,000) which is to be settled by instalments with final full settlement to be made within six months of signing of the Sale and Purchase Agreement. In the event that there is any delay in the examination, approval and registration formalities in respect of the transfer of the Repurchased Lands caused by the Vendors, the time for payment of the consideration will be postponed accordingly.

In addition, the Zhili Town Government has agreed to pay a sum of RMB15,807,725 (approximately HK\$17,968,000) to the Vendors in reimbursement of sums paid to the Zhili Town Government by the Vendors to construct a sewage treatment system. The RMB15,807,725 (approximately HK\$17,968,000) had been utilised by the Zhili Town Government at all times, and the construction of the sewage treatment system has not yet commenced. The Zhili Town Government has agreed to pay interest of RMB7,552,400 (approximately HK\$8,584,000) at the rate of 10% per annum on this sum. The total amount payable by the Zhili Town Government in connection with this reimbursement is RMB23,360,125 (approximately HK\$26,552,000). This sum is also required to be paid within six months of signing of the Sale and Purchase Agreement.

Further, in view of various factors which have led to the failure of the Huzhou Project to be implemented as planned, the Zhili Town Government has agreed to pay compensation of RMB5,600,000 (approximately HK\$6,365,000) to the Vendors to compensate them for expenses incurred in connection with, amongst other things, conducting land surveys, drilling, planning and design and environment impact assessments.

The total sum payable by the Zhili Town Government under the Sale and Purchase Agreement is therefore RMB76,477,935 (approximately HK\$86,927,000).

The consideration for the sale of the Repurchased Lands was determined based on arm's length negotiation between the parties having regard to the initial purchase price by the Vendors of the Site, the maximum price at which the Zhili Town Government may repurchase the Repurchased Lands, other payments payable to the Vendors under the Sale and Purchase Agreement and market value of the Repurchased Lands of RMB60,667,800 (approximately HK\$68,956,000) as at 8 March 2010 in the opinion of the Independent Property Valuer. Following the Disposal, the Company will cease to have any interest in the Repurchased Lands.

The Zhili Town Government has agreed to pay a deposit of RMB3,000,000 (approximately HK\$3,410,000) to the Vendors within 3 working days of signing the Sale and Purchase Agreement. This deposit is to be used as part payment of the sums to be paid by the Zhili Town Government to the Vendors, if the Zhili Government is able to settle all sums due within the times specified in the Sale and Purchase Agreement. If the Zhili Town Government fails to make payment on time, the deposit will be forfeited and the Vendors will be entitled to keep the deposit and this sum will not form part of the consideration. If the Disposal fails due to a default of the Vendors to process any documentation in Hong Kong, the Vendors will be required to repay the deposit to the Zhili Town Government, plus an additional RMB3,000,000 (approximately HK\$3,410,000). As at the Latest Practicable Date, the Zhili Town Government has paid a deposit of RMB3,000,000 (approximately HK\$3,410,000).

LETTER FROM THE BOARD

Conditions Precedent

The Sale and Purchase Agreement is subject to the approval of the shareholders of the Vendors, and the Shareholders at the SGM of the Company in accordance with the Listing Rules.

Guarantee

Pursuant to the Sale and Purchase Agreement, the Guarantor has unconditionally guaranteed, inter alia, the financial obligations of the Zhili Town Government under the Sale and Purchase Agreement. The guarantee shall be valid from two years from the latest date on which the Zhili Town Government is required to make payment to the Vendors under the Sale and Purchase Agreement.

REASONS FOR ENTERING INTO THE SALE AND PURCHASE AGREEMENT

In the Company's announcement dated 24 February 2009, the Company informed the Shareholders that the resident representative of the subsidiaries of the Company whose operations were intended to be part of the Huzhou Project was informed by officials of the Zhili Town Government that there were increasing concerns about the pollution of the Taihu Lake caused by the discharge of industrial waste and that the plans for the Huzhou Project had to be changed in a way that rendered the Huzhou Project unviable.

The Board determined that it was in the best interests of the Company and its Shareholders as a whole to cease any further investment in the Huzhou Project, for the foreseeable future.

Since then the Company has held discussions with the Zhili Town Government as a result of which the Zhili Town Government has agreed to buy from the Group an aggregate of approximately 303 mu (equivalent to approximately 202,000 sq.m.) of industrial land (the certificates of land use rights for which have already been issued and delivered to the Group), being the Repurchased Lands, that were originally planned to form part of the Huzhou Project.

As the Group is unable to pursue the Repurchased Lands and has not been approached by any potential purchaser, the Disposal provides the Group with an opportunity to dispose of the Repurchased Lands and to use the proceeds from the Disposal for general working capital of the Group and to fund possible future investments.

Pursuant to the Sale and Purchase Agreement, the Zhili Town Government has acknowledged that it will not be possible to continue with the manufacturing operations as originally planned at the Huzhou Project after the repurchase of the Repurchased Lands. The Zhili Town Government has agreed that Easyknit Mauritius can arrange for development of alternative industries within the part of the Site originally designated for manufacturing operations and such development will be fully supported by the Zhili Town Government.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Directors had not identified any suitable alternative use for the remaining part of the Site after completion of the Disposal.

The Directors (including the independent non-executive directors) consider that the Disposal is in the interests of the Group and the Shareholders as a whole, and is on normal commercial terms which terms are fair and reasonable.

FINANCIAL INFORMATION

The value attributable to the Repurchased Lands in the books of the Company as at 30 September 2009 was approximately RMB32,459,048 (approximately HK\$36,893,660).

Upon completion of the Disposal, other than the interest income of RMB7,552,400 (approximately HK\$8,584,000) and compensation of RMB5,600,000 (approximately HK\$6,365,000), the Directors expect that the Company will recognise a disposal gain of approximately RMB13,427,820 (approximately HK\$15,262,000) in the consolidated statement of comprehensive income of the Group, calculated by reference to the difference between the net proceeds of the transfer of the Repurchased Lands after taking into account estimated transaction costs of approximately HK\$2,000,000 and the carrying value of the Repurchased Lands as at 31 January 2010.

As the intended operations of the Huzhou Project have not yet commenced, there are no profits attributable to the Repurchased Lands.

INFORMATION RELATING TO THE PARTIES

Since cessation of its bleaching, dyeing and knitting operations around December 2009, the principal activity of the Group has been property investment. As announced by the Company on 8 December 2009 and as approved by the Shareholders on 17 February 2010, the Company acquired a garment trading business from Easyknit International Holdings Limited.

The Vendors and Easyknit Mauritius are all wholly-owned subsidiaries of the Company. It was originally intended that Easyknit Dyeing and Printing (Huzhou) would carry out the bleaching and dyeing operations of the Huzhou Project, and that Easyknit Weaving (Huzhou) would carry out the weaving and knitting operations of the Huzhou Project. Easyknit Mauritius is an investment holding company.

The Zhili Town Government, the purchaser of the Repurchased Lands, and the Guarantor are local government authorities of the PRC and are Independent Third Parties.

USE OF PROCEEDS

The proceeds of the Disposal are intended to be used for general working capital of the Group and to fund possible future investments. As at the Latest Practicable Date, the Company has not identified any specific investment or opportunities and no agreement or arrangement has been reached in relation to any such opportunities.

LETTER FROM THE BOARD

EFFECT ON EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP

Based on the carrying value of the Repurchased Lands, the Disposal would enable the Group to recognise a disposal gain of approximately RMB13,427,820 (approximately HK\$15,262,000), interest income of RMB7,552,400 (approximately HK\$8,584,000) and compensation of RMB5,600,000 (approximately HK\$6,365,000), subject to annual audit.

As a result of the Disposal, the consolidated non-current assets of the Group will be reduced by RMB32,114,554 (approximately HK\$36,502,000), being non-current portion of the carrying value of the Repurchased Lands as at 31 March 2009. The consolidated current assets of the Group will be increased by RMB76,477,935 (approximately HK\$86,927,000), being the increase in cash of RMB76,477,935 (approximately HK\$86,927,000) to be received from the Zhili Town Government in respect of the purchase price of the Repurchase Lands together with the interest income and compensation to be deposited in bank, before taking into account estimated transaction costs of approximately HK\$2,000,000 and the decrease in current portion of the carrying value of the Repurchased Lands as at 31 March 2009 of RMB688,988 (approximately HK\$783,000).

SGM

Notice of the SGM is set out on pages 28 to 30 of this circular. A form of proxy for use at the SGM is enclosed. At the SGM, a resolution will be proposed, for Shareholders to consider and, if thought fit, to approve the Sale and Purchase Agreement. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is materially interested in the Disposal and therefore required to abstain from voting on the resolution approving the Disposal at the SGM.

Whether or not Shareholders are able to attend the SGM, Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's principal place of business in Hong Kong at Unit A, 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 the SGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM should Shareholders so wish.

RECOMMENDATION

The Directors are of the opinion that the terms of the Disposal are fair and reasonable and the Disposal is in the interests of the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Sale and Purchase Agreement.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the notice of the SGM and the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of
Easyknit Enterprises Holdings Limited
Kwong Jimmy Cheung Tim
Chairman and Chief Executive Officer

1. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present available financial resources and the present available banking facilities of the Group, the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular in the absence of unforeseen circumstances.

2. INDEBTEDNESS

At the close of business on 28 February 2010, being the latest practicable date for ascertaining this information prior to the printing of this circular, the Group had no outstanding borrowings. Its available banking facilities were guaranteed by the Company.

Apart from intra-group liabilities, the Group did not have at the close of business on 28 February 2010 any loan capital 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, guarantees or other material contingent liabilities.

3. FINANCIAL AND TRADING PROSPECT OF THE GROUP

According to the interim report of the Company for the six months ended 30 September 2009, faced with present worldwide adverse financial condition, the Board decided to cease its knitting, bleaching and dyeing manufacturing operations by end of November 2009 in order to prevent further losses. As a result, the Group will no longer generate revenue from these businesses in the future.

The Group acquired the garment trading business from Easyknit Properties Holdings Limited, a wholly-owned subsidiary of Easyknit International Holdings Limited, in February 2010 for a consideration of HK\$80,000,000. The acquisition was paid out of the proceeds raised from the rights issue of the Company in August 2009. The acquisition of the garment trading business allows the Group to acquire an alternative business in garment trading, which is expected to provide a stable source of revenue and profit for the Group as supported by the operating history of the garment trading companies purchased.

This Disposal enables the Group to increase its cash balance by approximately RMB47,517,810 (approximately HK\$54,010,000), being the proceeds to be received from the Zhili Town Government. The proceeds will be use for general working capital and for funding possible future investments.

After the cessation of the bleaching, dyeing and knitting business, the Group has continued with its property investment business and has been looking for suitable property investment opportunities. The Directors expect the investment properties to continue to provide stable rental income.

With regard to the remaining land designated for garment manufacturing operation in Huzhou, the Zhili Town Government has agreed with the Directors that the Group can arrange for development of alternative industries within the remaining land.

Looking forward, the Directors expect that with the recovery of global economy under way, demand for garments is expected to pick up. In comparison to the bleaching, dyeing and knitting businesses carried out by the Group in the past, the garment trading business allows the Group to take advantage of the expected rise in demand without significant capital investment in production facilities.

4. RECONCILIATION STATEMENT FOR REPURCHASED LANDS

Set out below is a statement of reconciliation between the value of the Repurchased Lands, as stated in (i) the property valuation in Appendix II to this circular and (ii) the Company's audited consolidated balance sheet as at 31 March 2009. The statement below was prepared in accordance with Rule 5.07 of the Listing Rules.

	<i>HK\$'000</i>
Carrying value of the Repurchased Lands as at 31 March 2009 (<i>note 1</i>)	37,285
Reconciliation:	
Adjustment of value properties per property valuation report as disclosed in Appendix II of this circular (<i>note 2</i>)	<u>31,671</u>
Value in accordance with the property valuation in Appendix II of this circular	<u><u>68,956</u></u>

Notes:

1. The Repurchased Lands were classified as prepaid lease payments in the Company's consolidated audited balance sheet as at 31 March 2009 which were stated at its original cost at time of purchase in accordance with the prevailing financial reporting standards and were not subject to annual valuation.
2. An increase in the value of the Repurchased Lands by approximately HK\$31.6 million was attributable to the increase in market value in the past few years.

The following is the text of a letter, a summary of valuation and valuation certificate, prepared for the purpose of inclusion in the circular to shareholders issued by the Company, received from Merryshine Surveyors Limited, an independent property valuer, in connection with its valuation on the property interests as at 8 March 2010.

Merryshine Surveyors Limited
Valuation • Investment Agency • Development Consultancy
Room 1403, 14/F, Kwai Hung Holdings Centre,
89 King's Road, North Point,
Hong Kong

22 March 2010

The Directors
Easyknit Enterprises Holdings Limited
Unit A, 7/F, Hong Kong Spinner Building,
Phase 6, 481-483 Castle Peak Road,
Cheung Sha Wan, Kowloon,
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests held by Easyknit Enterprises Holdings Limited (referred hereinafter to as the “Group”, the People’s Republic of China (the “PRC”), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of market value of such property interests as at 8 March 2010 (the “Date of Valuation”).

Our valuation is our opinion of market value of the property interests which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

In valuing the property interests, we have adopted a market approach in assessing the land portion of the property. In the valuation of the landed property, references has been made to the standard land prices in Huzhou City in Zhejiang Province and sales evidences as available to us in the locality.

Our valuation has been made on the assumption that the owners sell the property interests in the market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which could serve to increase the values of the property interests. Furthermore, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property interests and no forced sale situation in any manner is assumed in our valuation.

In the course of our valuation, we have assumed that the owners have free and uninterrupted rights to use, occupy or assign the property interests for the whole of the unexpired term of the respective land use rights. Furthermore, we have also assumed that all consents, approvals and licences from relevant PRC government authorities for development of the property interests were granted without any onerous conditions or undue delay.

We have been provided with extracts of title documents relating to the property interest. We have not searched the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments, which do not appear on the copies handed to us. All documents have been used for reference only. All dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and therefore are only approximations.

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings, site and floor areas and other relevant matters. We have no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also advised by the Group that no material factors have been concealed or omitted from the information supplied, and have no reason to suspect that any material information has been withheld. We consider that we have been provided with sufficient information to reach an informed view.

We have inspected the exterior and, where possible, the interior of the premises. However, no structural survey has been made and we are therefore unable to report whether the property interests are free from rot, infestation or any other structural defects, though in the course of our inspections we did not note any serious defects. No tests were carried out on any of the services.

Our valuations have been prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors.

No allowance has been made in our valuation for any charge, mortgage or amount owing neither on the property interests nor for any expenses or taxation, which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

We enclosed herewith our summary of valuation and valuation certificate.

Yours faithfully,
For and on behalf of
Merryshine Surveyors Limited
Li Chi Ho
Registered Professional Surveyor
BLE MRICS MHKIS
Director

Notes: 1) Mr. C. H. Li, who is a chartered valuation surveyor and registered professional surveyor, has substantial experience in valuation property in the PRC and Hong Kong since 1992.

2) This valuation report is issued subject to the conditions on liability.

VALUATION SUMMARY

Property interests held and occupied by the Group in the PRC

Property	Market Value as at 8 March 2010
1. An industrial site located at the South of Hengtang Harbor, the West of Dongliang Road, Zhili Town, Wu Xing District, Huzhou City, Zhejiang Province, PRC	RMB60,667,800 HK\$68,956,000

VALUATION CERTIFICATE

Property	Description	Particulars of Occupancy	Market Value as at 8 March 2010
An industrial site located at the South of Hengtang Harbor, the West of Dongliang Road, Zhili Town, Wu Xing District, Huzhou City, Zhejiang Province, PRC	<p>The property comprises three parcels of lands.</p> <p>The property has a total site area approximately 202,226 sq m.</p> <p><u>Land Parcel 1</u> Land Parcel 1 with a site area of approximately 76,988 sq m has been granted to 永義紡織(湖州)有限公司 (Easyknit Weaving (Huzhou) Co, Limited) with land use rights for a term of 50 years expiring on 25 June 2057 for industrial use.</p> <p><u>Land Parcel 2 and 3</u> Land Parcel 2 and 3 with a site area of approximately 125,238 sq m has been granted to 永義漂染(湖州)有限公司 (Easyknit Dyeing and Printing (Huzhou) Co, Limited) with land use rights for a term of 50 years expiring on 30 December 2055 for industrial use.</p>	The property at present is a vacant site.	RMB 60,667,800 HK\$68,956,000

Notes:

- Pursuant to the State-Owned Land Use Rights Certificate (Document No: Hu Tu Guo Yon [2007] 21-14110), Land Parcel 1 with land grant area of about 76,988 sq m has been granted to 永義紡織(湖州)有限公司 (Easyknit Weaving (Huzhou) Co, Limited) for term of 50 years expiring on 25 June 2057 for industrial use.

We have ascribed commercial value of about RMB23,096,400. According to the information provided, certain construction works were done in the property and we have ascribed no commercial value on the construction works. The construction cost incurred as at the Date of Valuation is RMB125,749.75. In the course of our valuation, we have not taken into account the said incurred construction costs.

2. Pursuant to two lands the State-Owned Land Use Rights Certificates (Document No: Hu Tu Guo Yon [2009] 21-11818 and Document No: Hu Tu Guo Yon [2009] 21-11822), Land Parcel 2 and 3 with land grant area is 125,238 sq m. The land use rights have been granted to 永義漂染(湖州)有限公司 (Easyknit Dyeing and Printing (Huzhou) Co, Limited) for a term of 50 years expiring on 30 December 2055 for industrial use.

At present, the property is a vacant site. According to the information provided, the land grant premium has been fully paid.

We have ascribed the market value of the property as at the valuation date is circa RMB37,571,400. The construction cost incurred as at the Date of Valuation is RMB657,724.91. In the course of our valuation, we have not taken into account the said incurred construction costs.

Property	State-Owned Land Use Rights Grant Contract	State-Owned Land Use Rights Certificate	Building Occupation Certificate	Valuation Date Market Value
Land Parcel 1: 永義紡織(湖州)有限公司 (Easyknit Weaving (Huzhou) Co, Limited)	Yes	Yes	No	RMB23,096,400 (¥200,000 per mu)
Land Parcel 2 and 3: 永義漂染(湖州)有限公司 (Easyknit Dyeing and Printing (Huzhou) Co, Limited)	Yes	Yes	No	RMB37,571,400 (¥200,000 per mu)
			Total	<u>RMB 60,667,800</u>

3. Summary

No.	Name	Land Parcel 1: 永義紡織(湖州) 有限公司	Land Parcel 2 and 3: 永義漂染(湖州)有限公司
1	Grantor	Zhejiang Province Huzhou Land Resources Bureau	Zhejiang Province Huzhou Land Resources Bureau
2	Grantee	永義紡織(湖州) 有限公司 Easyknit Weaving (Huzhou) Co, Limited	永義漂染(湖州)有限公司 Easyknit Dyeing and Printing (Huzhou) Co, Limited
3	Land Grant Area	76,988 sq m	125,238 sq m
4	Land Use Rights Expiring Date	25 June 2057	30 December 2055
5	Land Grant Premium per sq m	RMB259.7 X 76,988 sq m =¥20,000,000	RMB136 X 125,238 sq m =¥17,032,368
6	Plot Ratio	0.8	Not less than 0.8
7	Density	45%	Not less than 30%

No.	Name	Land Parcel 1: 永義紡織(湖州) 有限公司	Land Parcel 2 and 3: 永義漂染(湖州)有限公司
8	Height	/	Not more than 3-storey
9	Greenery	20%	Not more than 20%
10	State-Owned Land Use Rights Certificate	Yes	Yes
11	Permission Certificate for Construction Land Use Planning	Total land area 81,113 sq m including road 4,125 sq m with net site area 76,988 sq m.	N/A
12	Construction Works Commencement	N/A	N/A
13	Building Ownership Certificate	N/A	N/A

4. In accordance with the information provided by the Group, the basic information of Sale and Purchase Agreement is listed as follows:

Because of the change in Chinese Government Policy and Zhili Town situation, the planning intention of Huzhou Easyknit Industrial City to develop an integrated production concept (The business synergy for garment production, bleaching, dyeing, weaving and knitting operations for better economic effect) could not be implemented.

The parties have agreed:

1. Location and Site Area: To repurchase the land owned by Easyknit Weaving (Huzhou) Co, Limited Stated-Owned Land Use Rights Certificate Document No: Hu Tu Guo Yon [2007] No 21-14110 at site area about 76,988 sq.m. (115.482 mu) and the lands owned by Easyknit Dyeing and Printing (Huzhou) Co, Limited Document No: Hu Tu Guo Yon [2009] No 21-11818 and Hu Tu Guo Yon [2009] No 21-11822 at site area about total 125,238 sq.m. (187.857 mu)
2. Consideration and Payment Term: The consideration for the sale of the Repurchased Lands is RMB47,517,810 which is to be settled by instalments with final full settlement to be made within six months of signing of the Sale and Purchase Agreement. In the event that there is any delay in the examination, approval and registration formalities in respect of the transfer of the Repurchased Lands caused by the Vendors, the time for payment of the consideration will be postponed accordingly.
3. The Zhili Town Government has agreed to pay a sum of RMB15,807,725 to the Vendors in reimbursement of sums paid to the Zhili Town Government by the Vendors to construct a sewage treatment system. The RMB15,807,725 had been utilised by the Zhili Town Government at all times, and the construction of the sewage treatment system has not yet commenced. The Zhili Town government has agreed to pay interest of RMB7,552,400 at the rate of 10% per annum on this sum. The total amount payable by the Zhili Town Government in connection with this reimbursement is RMB23,360,125. This sum is also required to be paid within six months of signing of the Sale and Purchase Agreement.

4. In view of various factors which have led to the failure of the Huzhou Project to be implemented as planned, the Zhili Town Government has agreed to pay compensation of RMB5,600,000 to the Vendors to compensate them for expenses incurred in connection with, amongst other things, conducting land surveys, drilling, planning and design and environment impact assessments.

The total sum payable by the Zhili Town Government under the Sale and Purchase Agreement is therefore RMB76,477,935.

Conditions of Liability

- 1) We have been provided with copy of title documents relating to the property interest. We have not searched the original documents to verify the ownership.
- 2) We have inspected the exterior and, where possible. However, no structural survey has been made and we are therefore unable to report whether the property interests are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.
- 3) We have not carried out site search to ascertain the condition of land or facilities if they are suitable for any property development. Our valuation is used on the assumption that the conditions are in satisfaction.
- 4) We have relied to a considerable extent on information provided on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings, site and floor areas, construction cost spent and to be spent and other relevant matters. All documents have been used for reference only except otherwise stated. All dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and therefore are only approximations. We have no reason to doubt the truth and accuracy of the information provided to us. We are advised that no material factors have been concealed or omitted from the information supplied, and have no reason to suspect that any material information has been withheld. We consider that we have been provided with sufficient information to reach an informed view.
- 5) No allowance has been made in our valuation for any charge, mortgage or amount owing neither on the property interests nor for any expenses or taxation, which may be incurred in effecting the sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.
- 6) Lastly, we declare that this valuation certificate is prepared for the instructing party to whom the Report is addressed and for the purpose of reference only. Therefore, we disclaim all responsibility and will accept no liability to any other party or for use of the Report for any other purposes.

1. 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, there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS OF THE DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company 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 (i) to be notified to the Company and the Stock Exchange pursuant to the Provision of Division 7 and 8 of Part XV of the SFO (including interests or the short positions which they were taken or deemed to have under such provision of the SFO); or (ii) pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in the Listing Rules to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Capacity	Number of Shares held (long position)	Approximate percentage to issued Shares
Ms. Lui Yuk Chu (<i>Note</i>)	Beneficiary of a trust	116,395,325	31.70%

Note: These shares were registered in the name of and were beneficially owned by Landmark Profits Limited (“Landmark Profits”) which was a wholly-owned subsidiary of Easyknit International Holdings Limited (“Easyknit International”). Magical Profits Limited was interested in approximately 36.74% of the issued share capital of Easyknit International. Magical Profits Limited was wholly-owned by Accumulate More Profits Limited which in turn was wholly-owned by Hang Seng Bank Trustee International Limited 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 and their respective associates had any interests or short positions in the Shares, underlying Shares and/or debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which require notification to the Company and the Stock Exchange pursuant to the 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.

At the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which since 31 March 2009 (being the date to which the latest published audited accounts of the Company were made up) had been (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

3. DISCLOSURE OF INTEREST BY SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and the chief executives of the Company, the following persons (“Substantial Shareholders”) (other than the Directors and the chief executives of the Company) had the following interests or a short position in the Shares and/or underlying Shares which would fall to be disclosed to the Company under the provision of Division 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:

Name of Shareholder	Nature of Interest	Number of Shares held (long position)	Approximate percentage to issued Shares
Koon Wing Yee (<i>note i</i>)	Interest of spouse	116,395,325	31.70%
Landmark Profits (<i>notes i and ii</i>)	Beneficial owner	116,395,325	31.70%
Easyknit International (<i>notes i and ii</i>)	Interest of controlled corporation	116,395,325	31.70%
Magical Profits Limited (<i>notes i and iii</i>)	Interest of controlled corporation	116,395,325	31.70%
Accumulate More Profits Limited (<i>note i</i>)	Interest of controlled corporation	116,395,325	31.70%
Hang Seng Bank Trustee International Limited (<i>notes i & iv</i>)	Trustee	116,395,325	31.70%
Hang Seng Bank Limited (<i>note iv</i>)	Interest of controlled corporation	116,395,325	31.70%
The Hongkong and Shanghai Banking Corporation Limited (<i>note iv and v</i>)	Interest of controlled corporation	116,395,326	31.70%
HSBC Asia Holdings BV (<i>note v</i>)	Interest of controlled corporation	116,395,326	31.70%

Name of Shareholder	Nature of Interest	Number of Shares held (long position)	Approximate percentage to issued Shares
HSBC Asia Holdings (UK) (note v)	Interest of controlled corporation	116,395,326	31.70%
HSBC Holdings BV (note v)	Interest of controlled corporation	116,395,326	31.70%
HSBC Finance (Netherlands) (note v)	Interest of controlled corporation	116,395,326	31.70%
HSBC Holdings plc (note v)	Interest of controlled corporation	116,395,326	31.70%
Park Jong Yong	Beneficial owner	46,817,470	12.75%
Daswani Rajkumar Murlidhar	Beneficial owner	25,416,143	6.92%

Notes:

- (i) The 116,395,325 Shares relate to the same block of Shares in the Company. These Shares were registered in the name of and were beneficially owned by Landmark Profits which was a wholly-owned subsidiary of Easyknit International. Magical Profits Limited (“Magical Profits”) was interested in approximately 36.74% of the issued share capital of Easyknit International. Magical Profits was wholly-owned by Accumulate More Profits Limited which in turn was wholly-owned by Hang Seng Bank Trustee International Limited as trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu, a Director, and her family members other than her spouse). Mr. Koon Wing Yee, being the spouse of Ms. Lui Yuk Chu, was deemed to be interested in the 116,395,325 Shares by virtue of the SFO.
- (ii) Mr. Kwong Jimmy Cheung Tim and Ms. Lui Yuk Chu, being Directors, are also directors of Landmark Profits and Easyknit International.
- (iii) Ms. Lui Yuk Chu, being a Director, is also a director of Magical Profits.
- (iv) Hang Seng Bank Trustee International Limited was a wholly-owned subsidiary of Hang Seng Bank Limited. Hang Seng Bank Limited was owned as to approximately 62.14% by The Hongkong & Shanghai Banking Corporation Limited.
- (v) The 116,395,326 Shares relate to the same block of shares. Out of 116,395,326 Shares, 116,395,325 Shares were registered in the name of and beneficially owned by Landmark Profits. The remaining one share was held by HSBC Broking Securities (Asia) Limited, which was a wholly-owned subsidiary of HSBC Broking Services (Asia) Limited which in turn was wholly-owned by The Hongkong & Shanghai Banking Corporation Limited. The Hongkong & Shanghai Banking Corporation Limited was wholly-owned by HSBC Asia Holdings BV which was a wholly-owned subsidiary of HSBC Asia Holdings (UK). HSBC Asia Holdings (UK) was wholly-owned by HSBC Holdings BV which in turn was wholly-owned by HSBC Finance (Netherlands). HSBC Finance (Netherlands) was a wholly-owned subsidiary of HSBC Holdings plc.

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.

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. LITIGATION

As at the Latest Practicable Date, no company in the Group was 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 pending or threatened by or against any company in the Group.

6. DIRECTORS' INTEREST IN COMPETING BUSINESSES

Mr. Kwong Jimmy Cheung Tim and Ms. Lui Yuk Chu, the executive Directors of the Company, also serve as the executive directors of Easyknit International, which is in turn indirectly interested in approximately 31.70% of the issued share capital of the Company. Mr. Tse Wing Chiu Ricky, the non-executive Director of the Company, is also a non-executive director of Easyknit International. To the best of the Directors' knowledge, none of the Directors and their respective associates are considered to have any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group and/or the Easyknit International Group.

As disclosed in the interim report of the Group for the six months ended 30 September 2009, the Group entered into the property investment business during that financial year. At the same time, the Easyknit International Group is also carrying on property investment and development businesses. The Directors consider that the property investment and development businesses conducted by the Easyknit International Group will not have material competition with the property investment business of the Group as the Group invests in individual property units for rental income, whereas the Easyknit International Group engages in larger scale property investment and development projects.

7. INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, to the best of the knowledge of the Directors, none of the Directors or proposed directors of the Company or any expert named in this circular had any direct or indirect interest in any asset which had been, since 31 March 2009, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of, by or leased to any member of the Group or are proposed to be acquired or disposed of, by or leased to any member of the Group.

None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the Group.

8. 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 Latest Practicable Date which are or may be material:

- (a) the underwriting agreement dated 5 November 2008 (as amended by a supplemental agreement dated 3 December 2008) entered into between the Company and Get Nice Securities Limited in relation to the underwriting and certain other arrangements in respect of the rights issue of 667,499,000 rights shares at HK\$0.15 per rights share on the basis of 10 rights shares for every share held;
- (b) the formal agreement for sale and purchase dated 19 June 2009 entered into between Clever Wise Holdings Limited and Max Palace Corporation Limited in relation to the sale and purchase of a property at Johnston Road, Hong Kong;
- (c) an agreement dated 29 June 2009 entered into between Power Bright Investments Limited and Mr. Li Ming Hung for the sale and purchase of the entire issued share capital of Chancemore Limited and the assignment of the shareholder's loan of Chancemore Limited;
- (d) an agreement dated 29 June 2009 entered into between Power Bright Investments Limited and Mr. Li Ming Hung for the sale and purchase of the entire issued share capital of Clever Wise Holdings Limited and the assignment of the shareholder's loan of Clever Wise Holdings Limited;
- (e) the formal agreement for sale and purchase dated 3 September 2009 entered into between Chancemore Limited and Max Up Investments Limited in relation to the sale and purchase of a property at Matheson Street, Hong Kong;

- (f) the underwriting agreement dated 17 August 2009 (as supplemented by a side letter dated 21 August 2009) entered into between the Company and Kingston Securities Limited in relation to the underwriting and certain other arrangements in respect of the rights issue of 293,699,560 rights shares at HK\$0.38 per rights share on the basis of 4 rights shares for every share held;
- (g) the deed of assignment dated 11 September 2009 entered into between Mr. Li Ming Hung, Power Bright Investments Limited and Chancemore Limited in relation to the assignment of the shareholder's loan of Chancemore Limited referred to in (c) above;
- (h) the deed of assignment dated 11 September 2009 entered into between Mr. Li Ming Hung, Power Bright Investments Limited and Clever Wise Holdings Limited in relation to the assignment of the shareholder's loan of Clever Wise Holdings Limited referred to in (d) above;
- (i) the assignment dated 14 September 2009 made between Chancemore Limited and Max Up Investments Limited in relation to the completion of the purchase of the property at Matheson Street, Hong Kong by Chancemore Limited;
- (j) the assignment dated 21 September 2009 made between Clever Wise Holdings Limited and Max Palace Corporation Limited in relation to the completion of the purchase of the property at Johnston Road, Hong Kong by Clever Wise Holdings Limited;
- (k) the sale and purchase agreement dated 3 December 2009 entered into between Quick Easy Limited and Easyknit Properties Holdings Limited in relation to the acquisition of the entire issued share capital of Easyknit Global Company Limited, Easyknit Worldwide Company Limited and Grand Profit Development Limited; and
- (l) the Sale and Purchase Agreement.

Save as disclosed in this circular, none of the members of the Group has entered into any contracts (not being contracts entered into in the ordinary course of business) within two years immediately preceding the Latest Practicable Date that are or may be material.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given its opinion or advice which is contained in this circular:

Name	Qualification
Merryshine Surveyors Limited	Independent Professional Valuers

As at the Latest Practicable Date, Merryshine Surveyors Limited does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Merryshine Surveyors Limited does not have any direct or indirect interests in any assets which have been, since 31 March 2009 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

Merryshine Surveyors Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the references to its name in the form and context in which it appears.

10. GENERAL

- (a) The company secretary of the Company is Mr. Chan Po Cheung, a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (b) The principal share registrar and transfer office of the Company is The Bank of Bermuda Limited at Bank of Bermuda Building, 6 Front Street, Hamilton HM 11, Bermuda and the Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (c) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda and principal place of business of the Company in Hong Kong is at Unit A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong.
- (d) The English text of this circular and the accompanying proxy form prevails over the Chinese text.

11. 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 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong from the date of this circular, for a period of 14 days:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the valuation report from Merryshine Surveyors Limited, the text of which is set out in Appendix II in this circular;

- (c) the letter of consent referred to in the section headed “Expert and consent” of this appendix;
- (d) the material contracts referred to in the section headed “Material Contracts” of this appendix;
- (e) the annual reports of the Company for the two years ended 31 March 2009 and the interim report for the six months ended 30 September 2009;
- (f) the circular of the Company dated 24 July 2009 in respect of a major transaction in relation to the acquisition of the entire issued share capital of Chancemore Limited and Clever Wise Holdings Limited;
- (g) the circular of the Company dated 29 January 2010 in respect of a very substantial acquisition and connected transaction in relation to the acquisition of a garment trading business; and
- (h) this circular.

NOTICE OF THE SGM



EASYKNIT ENTERPRISES HOLDINGS LIMITED

永義實業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 616)

NOTICE IS HEREBY GIVEN that a special general meeting of Easyknit Enterprises Holdings Limited (“Company”) will be held at at Unit A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on 23 April 2010 at 9 a.m. (the “Meeting”) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution with or without amendment:

ORDINARY RESOLUTION

“THAT:

- (a) the conditional sale and purchase agreement (“Sale and Purchase Agreement”) dated 1 March 2010 entered into between永義紡織(湖州)有限公司 (Easyknit Weaving (Huzhou) Co, Limited) and 永義漂染(湖州)有限公司 (Easyknit Dyeing and Printing (Huzhou) Co, Limited) (together the “Vendors”) and Easyknit (Mauritius) Limited, which are all wholly owned subsidiaries of the Company, and People’s Government of Zhili Town of the People’s Republic of China (“Zhili Town Government”) and the Finance Bureau of Wuxing District pursuant to which, inter alia, the Zhili Town Government agreed to purchase and Vendors agreed to sell the three pieces of land situated at the West of Dongliang Road, Zhili Town, Wuxing District, Huzhou City, Zhejiang Province of the People’s Republic of China (a copy of which has been produced to this meeting marked “A” and initialled by the chairman of the meeting for identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

* For identification only

NOTICE OF THE SGM

- (b) the directors of the Company be and are hereby authorised to do all such acts and things, to sign and execute all such further documents and to take such steps as the directors may in their absolute discretion consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Sale and Purchase Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 31 March 2010

Notes:

1. Any shareholder of the Company entitled to attend and vote at the meeting of the Company convened by the above notice shall be entitled to appoint another person as his proxy to attend and vote instead of him. Votes may be given either personally or by duly authorised corporate representative or by proxy. 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. In addition, a proxy or proxies representing either an individual shareholder or a shareholder which is a corporation shall be entitled to exercise the same powers on behalf of the shareholder which he or they represent as such shareholder can exercise, including the right to vote individually on a show of hands.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of 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 delivered to the Company's principal place of business in Hong Kong at Unit A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong as soon as possible, and in any event not less than forty-eight (48) hours before the time appointed for holding the meeting or the adjourned meeting (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.

NOTICE OF THE SGM

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 any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder in whose name any share stands shall for this purpose deemed joint holders thereof.

6. A form of proxy for use at the meeting is enclosed.