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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

**If you are in any doubt** about any of the contents of this Prospectus, you should obtain independent professional advice.

**If you have sold or transferred** all your shares in Easyknit Enterprises Holdings Limited (“Company”), you should at once hand this Prospectus and the accompanying provisional allotment letter and the form of application for excess Rights Shares, to the purchaser or transferee, or bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser.

Dealings in the Shares and the Rights Shares in their nil-paid and fully-paid form may be settled through the Central Clearing and Settlement System operated by Hong Kong Securities Clearing Company Limited (“HKSCC”) and you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

A copy of this Prospectus, together with the provisional allotment letter and the form of application for excess Rights Shares and the written consent of Deloitte Touche Tohmatsu (referred to herein) have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance of Hong Kong. A copy of this Prospectus will, as soon as reasonably practicable, be filed with the Registrar of Companies in Bermuda in accordance with the Companies Act 1981 of Bermuda (as amended). The Registrar of Companies in Hong Kong, the Securities and Futures Commission of Hong Kong and the Registrar of Companies in Bermuda take no responsibility as to the contents of any of the documents referred to above.



## EASYKNIT ENTERPRISES HOLDINGS LIMITED

永義實業集團有限公司\*

*(incorporated in Bermuda with limited liability)*

(Stock Code: 0616)

### RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO SHARES HELD ON THE RECORD DATE

Underwriter of Rights Issue



**KINGSTON SECURITIES LTD.**

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Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, inter alia, the fulfillment and/or waiver (where applicable) of the conditions set out under the sub-paragraph headed “Conditions of the Rights Issue” on pages 18 to 19 of this Prospectus. The Underwriter is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events as set out in the section headed “Termination of the Underwriting Agreement” on pages 7 to 8 of this Prospectus. Accordingly, the Rights Issue may or may not proceed.

Shareholders and potential investors of the Company should exercise caution when dealings in the Shares. Any dealings in the Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled and/or waived (as applicable) (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases), and any dealings in the Rights Shares in their nil-paid form from Thursday, 13 September 2012 to Thursday, 20 September 2012 (both dates inclusive) are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealings in the Shares and/or the Rights Shares (in their nil-paid form) are advised to consult their own professional advisers.

The latest time for acceptance of, and payment for, the Rights Shares is 4:00 p.m. on Tuesday, 25 September 2012. The procedures for acceptance and payment or transfer of the Rights Shares are set out on pages 13 to 14 of this Prospectus.

\* For identification only

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## EXPECTED TIMETABLE

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*The expected timetable for the Rights Issues is set out below:*

2012

Record Date .....	Monday, 10 September
Register of members of the Company re-opens .....	Tuesday, 11 September
Despatch of the Prospectus Documents .....	Tuesday, 11 September
First day of dealings in nil-paid Rights Shares .....	Thursday, 13 September
	By 4:00 p.m.
Latest time for splitting of nil-paid Rights Shares .....	Monday, 17 September
Last day of dealings in nil-paid Rights Shares .....	Thursday, 20 September
Latest time for acceptance of, and payment for the Rights Shares and for application and payment for excess Rights Shares .....	By 4:00 p.m. Tuesday, 25 September
	By 4:00 p.m.
Latest time for the Rights Issue to become unconditional .....	Wednesday, 3 October
Announcement of results of acceptance and excess application for the Rights Issue .....	Thursday, 4 October
Despatch of refund cheque in respect of unsuccessful or partially unsuccessful excess application for excess Rights Shares on or before .....	Friday, 5 October
Despatch of certificates for fully-paid Rights Shares on or before .....	Friday, 5 October
Commencement of dealings in fully-paid Rights Shares .....	Monday, 8 October

All references to times and dates in this Prospectus are references to Hong Kong local times and dates.

Dates or deadline specified herein may be varied or extended by the Company and the Underwriter and are therefore tentative and indicative only. Further announcement(s) will be made by the Company on any changes to the above expected timetable if, and when appropriate.

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## **EXPECTED TIMETABLE**

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### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE AND PAYMENT FOR RIGHTS SHARES**

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take effect if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning:

- (1) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; and
- (2) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take effect at 4:00 p.m. on the Acceptance Date, the dates mentioned above may be affected. In such circumstances, an announcement will be made by the Company in such event as soon as practicable.

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## DEFINITIONS

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

“Acceptance Date”	4:00 p.m. on Tuesday, 25 September 2012 (or such other time or date as the Underwriter may agree in writing with the Company as the latest date for acceptance of, and payment of, Rights Shares)
“Announcement”	the announcement of the Company dated 15 August 2012 in respect of the Rights Issue
“associate(s)”	the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday or on a day which typhoon signal 8 or above or black rainstorm is hoisted in Hong Kong at 9:00 a.m.) on which banks are generally open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Easyknit Enterprises Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange
“connected persons”	has the meanings ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“EAF(s)”	the excess application form(s) to be issued in connection with the Rights Issue
“Easyknit International”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange

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## DEFINITIONS

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“Goodco”	Goodco Development Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Easyknit International, being a substantial Shareholder (as defined in the Listing Rules)
“Group”	the Company and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Landmark Profits”	Landmark Profits Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Easyknit International, being a substantial Shareholder (as defined in the Listing Rules)
“Last Trading Day”	Wednesday, 15 August 2012, being the date of entering into the Underwriting Agreement
“Latest Practicable Date”	7 September 2012, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors, based on legal opinions provided by legal advisers, consider it necessary or expedient not to offer the Rights Issue to such Overseas Shareholder(s) on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong or Bermuda

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## DEFINITIONS

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“PAL(s)”	the provisional allotment letter(s) to be issued in connection with the Rights Issue
“Posting Date”	11 September 2012, being the date to despatch the Prospectus Documents to the Qualifying Shareholders and the Prospectus to the Non-Qualifying Shareholders
“Prospectus”	the prospectus containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	Monday, 10 September 2012 or such other date as the Underwriter may agree in writing with the Company as the date by reference to which entitlements to the Rights Issue are determined
“Registrar”	Tricor Secretaries Limited, the branch share registrar of the Company in Hong Kong, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	381,428,337 new Shares proposed to be offered to the Qualifying Shareholders for subscription on the terms and subject to the conditions set out in the Underwriting Agreement and in the Prospectus Documents
“Rights Share(s)”	381,428,337 new Share(s) to be issued and allotted under the Rights Issue
“Settlement Date”	Wednesday, 3 October 2012, being the fourth Business Day following the Acceptance Date or such later date as the Company and the Underwriter may agree
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

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## DEFINITIONS

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“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.077 per Rights Share
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers
“Undertakings”	the irrevocable undertakings both dated 15 August 2012 given by Landmark Profits and Goodco in favour of the Company and the Underwriter in relation to each of their undertakings to accept or procure the subscription of each of its full entitlement of the Rights Shares pursuant to the Rights Issue, and that Landmark Profits and Goodco shall be the beneficial and (as the case may be) registered owners of not less than 174,592,987 Shares and 223,857,684 Shares respectively on the Record Date
“Underwriter”	Kingston Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO
“Underwriting Agreement”	the underwriting agreement dated 15 August 2012 entered into between the Company and the Underwriter in relation to the underwriting and certain other arrangements in respect of the Rights Issue
“Underwritten Shares”	all the Rights Shares other than the Rights Shares to be provisionally allotted to and accepted by Landmark Profits and Goodco pursuant to the Undertakings under the Underwriting Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	percentage

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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The Underwriter may terminate the underwriting arrangements set out in the Underwriting Agreement by notice in writing to the Company, at any time prior to 4:00 p.m. on the Settlement Date, if:

- (1) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (c) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of the Underwriting clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the absolute opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (3) the Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which in the absolute opinion of the Underwriter is material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue.

In addition, the Underwriter has the right to terminate the Underwriting Agreement if any material breach of the warranties under the Underwriting Agreement comes to the knowledge of the Underwriter.

Upon the giving of notice of termination, all obligations of the Underwriter under the Underwriting Agreement shall cease and neither it nor the Company shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriter the fees and expenses payable under it (other than the underwriting commission). If the Underwriter exercises such right, the Rights Issue will not proceed.

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## LETTER FROM THE BOARD

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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: 0616)**

*Executive Directors:*

Mr. Kwong Jimmy Cheung Tim  
*(Chairman and Chief Executive Officer)*  
Ms. Lui Yuk Chu  
*(Deputy Chairman)*  
Ms. Koon Ho Yan Candy

*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:*

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

11 September 2012

*To the Qualifying Shareholders and  
for information only, the Non-Qualifying Shareholders*

Dear Sir or Madam,

### **PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO SHARES HELD ON THE RECORD DATE**

#### **INTRODUCTION**

On 15 August 2012, the Company announced that it proposes to raise approximately HK\$29.4 million before expenses by way of the rights issue of 381,428,337 Rights Shares at a Subscription Price of HK\$0.077 per Rights Share on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date. As at the Latest Practicable Date, the Company had 762,856,675 Shares in issue. The Company has no outstanding options, warrants, or other securities convertible into or giving rights to subscribe for Shares.

\* *For identification only*

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## LETTER FROM THE BOARD

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The purpose of this Prospectus is to provide you with details of the Rights Issue, including information on dealings in and transfer of the Rights Shares in their nil-paid form and the procedure for acceptance of provisional allotments of Rights Shares, and certain financial information of the Group.

### TERMS OF THE RIGHTS ISSUE

#### Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) Shares held on the Record Date
Number of Shares in issue at the Latest Practicable Date	:	762,856,675 Shares
Number of Rights Shares	:	381,428,337 Shares
Subscription Price	:	HK\$0.077 per Rights Share
Enlarged issued share capital of the Company upon completion of the Rights Issue	:	1,144,285,012 Shares
Fund raised before expenses	:	HK\$29,369,982
Underwriter	:	Kingston Securities Limited

As at the Latest Practicable Date, the Company does not have any outstanding share options granted under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

#### Basis of provisional allotment

The basis of the provisional allotment will be one (1) Rights Share for every two (2) Shares in issue and held on the Record Date at the Subscription Price.

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## LETTER FROM THE BOARD

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### Subscription Price

The subscription price for the Rights Shares is HK\$0.077 per Rights Share, payable in full when a Qualifying Shareholder accepts the provisional allotment under the Rights Issue or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (a) the closing price of HK\$0.077 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 8.3% to the average closing price of HK\$0.084 per Share for the 5 consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 16.3% to the average closing price of HK\$0.092 per Share for the 10 consecutive trading days up to and including the Last Trading Day; and
- (d) the theoretical ex-rights price of HK\$0.077 per Share based on the closing price of HK\$0.077 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was determined based on arm's length negotiations between the Company and the Underwriter with reference to the recent closing prices of the Shares, the financial conditions of the Company and current market conditions. The Directors (including the independent non-executive Directors) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### Status of the Rights Shares

The Rights Shares, when allotted, fully-paid or credited as fully-paid and issued, shall rank *pari passu* in all respects with the Shares then in issue, including as to the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares. Dealing in the Rights Shares will be subject to payment of stamp duty in Hong Kong.

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## LETTER FROM THE BOARD

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### **Fractional entitlements to the Rights Shares**

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated and sold in the market, if a premium (net of expenses) can be obtained, for the benefit of the Company. Any unsold fractions of Rights Shares will be available for excess application.

### **Qualifying Shareholders**

The Company will send the Prospectus Documents to the Qualifying Shareholders. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send the PAL and EAF to the Non-Qualifying Shareholders.

To qualify for the Rights Issue, an investor must be a Qualifying Shareholder.

### **Shareholders with registered addresses outside Hong Kong or Bermuda**

No person receiving this Prospectus or the PAL or the EAF in any territory outside Hong Kong or Bermuda may treat it as an offer or invitation to take up Rights Shares or apply for excess Rights Shares, except in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of persons outside Hong Kong or Bermuda wishing to take up or make an application for Rights Shares to satisfy themselves, before accepting any provisional allotment of Rights Shares or applying for excess Rights Shares, as to the observance of the laws and regulations of all relevant territories, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in such territory in connection therewith without prejudice to the foregoing. The Company reserves the right to refuse to act on any acceptance of provisional allotments of Rights Shares and to refuse to accept any application for excess Rights Shares where it believes that doing so would or may violate applicable securities legislations or other laws or regulations of any jurisdiction.

Based on the register of members of the Company as at the Latest Practicable Date, there was 1 Shareholder with a registered address in Malaysia, and 5 Shareholders with registered addresses in Macau.

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## LETTER FROM THE BOARD

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Based on a legal opinion obtained from the Company's legal advisers in Malaysia, the offering of the Rights Shares to the Overseas Shareholders in Malaysia is not prohibited under applicable Malaysian laws but is subject to certain requirements involving the lodging of the Prospectus Documents with the relevant authorities. Accordingly, the Prospectus Documents will be filed with the Securities Commission of Malaysia. In view of this, the Directors have decided to extend the Rights Issue to the Overseas Shareholder with a registered address in Malaysia.

The Company has also been advised by its legal advisers on the laws of Macau that there is no legal restriction under the applicable legislation of Macau or requirement of any relevant regulatory body or stock exchange with respect to the offer of the Rights Issue to the Overseas Shareholders in Macau. In view of this, the Directors have also decided to extend the Rights Issue to the Overseas Shareholders with registered addresses in Macau.

Such Overseas Shareholders, together with the Shareholders with registered addresses in Hong Kong or Bermuda, are Qualifying Shareholders.

For the purposes of the Rights Issue, the Company therefore did not, as at the Latest Practicable Date, have any Non-Qualifying Shareholders.

### **Procedure for acceptance and payment or transfer**

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown thereon. If the Qualifying Shareholders wish to exercise their right to subscribe for all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, by no later than 4:00 p.m. on Tuesday, 25 September 2012. All remittances must be made in Hong Kong dollars and cheques must be drawn on a bank account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**Easyknit Enterprises Holdings Limited — Rights Issue Account**" and crossed "**Account Payee Only**". Any payment for the Rights Shares should be rounded down to 2 decimal points.

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. on Tuesday, 25 September 2012, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Company may (at its sole discretion) treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions in the PAL.

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## LETTER FROM THE BOARD

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The Company reserves the right to refuse to act on any acceptance of provisional allotments of Rights Shares and to refuse to accept any application for excess Rights Shares where it believes that in doing so would or may violate the applicable securities legislations or other laws or regulations of any jurisdiction.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer a part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer all of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL to more than one person, the entire and original PAL must be surrendered and lodged for cancellation by no later than 4:00 p.m. on Monday, 17 September 2012 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required.

All cheques or cashier orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any PAL in respect of which the cheque or cashier order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Underwriter exercises the right to terminate its obligations under the Underwriting Agreement before 4:00 p.m. on the Settlement Date, the monies received in respect of the relevant provisional allotments will be returned to the relevant persons without interest, by means of cheques despatched by ordinary post to their registered addresses at the risk of such applicants on or before Friday, 5 October 2012.

### **Application for excess Rights Shares**

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted.

Qualifying Shareholders who wish to apply for any Rights Shares in addition to their provisional allotment must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar, by no later than 4:00 p.m. on Tuesday, 25 September 2012. All remittances must be made in Hong Kong dollars and cheques must be drawn on a bank account with, and cashier orders must be issued by, a licensed bank in Hong Kong and made payable to **“Easyknit Enterprises Holdings Limited — Excess Application Account”** and crossed

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## LETTER FROM THE BOARD

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“**Account Payee Only**”. The Registrar will notify the Qualifying Shareholders of any allotment of excess Rights Shares made to them, which allotments will be at the discretion of the Directors on a fair and equitable basis. The Directors will allocate the excess Rights Shares at their discretion with reference to the level of acceptances of the Rights Shares and the number of excess Rights Shares available on a fair and equitable basis on the following principles:

- (i) preference will be given to applications for topping-up odd lot holdings to whole lot holdings where it appears to the Directors that such applications are not made with the intention to abuse such mechanism; and
- (ii) subject to availability of the excess Rights Shares after allocation under principle (i) above, the excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for excess application on a pro-rata basis based on the excess Rights Shares applied by them, with board lots allocation to be made on best efforts basis.

Investors with their Shares held by nominee(s) should note that the nominee is a single Shareholder for the purposes of the Rights Issue. Accordingly, investors whose Shares are registered in the names of nominees should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to beneficial owners individually.

The latest time for acceptance of Rights Shares and the application for excess Rights Shares as well as respective payment thereof is expected to be at 4:00 p.m. on Tuesday, 25 September 2012, or such later date or time as may be agreed between the Company and the Underwriter.

If no excess Rights Shares are allotted to an applicant for excess Rights Shares or the Underwriter exercises the right to terminate its obligations under the Underwriting Agreement before 4:00 p.m. on the Settlement Date, the monies received in respect of relevant applications for excess Rights Shares will be returned to the relevant persons without interest, by means of cheques despatched by ordinary post to the registered addresses at the risk of such applicants on or before Friday, 5 October 2012.

All cheques or cashier orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any EAF in respect of which a cheque or cashier order is dishonoured on first presentation is liable to be rejected.

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## LETTER FROM THE BOARD

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The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier orders for amounts due, will be sent at the risk of the persons entitled thereto to their registered addresses by the Registrar.

### **Listing and dealings**

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal on the Stock Exchange in the Rights Shares, in both their nil-paid and fully-paid forms. Dealings in the Rights Shares in their nil-paid form will commence on Thursday, 13 September 2012 and will end on Thursday, 20 September 2012, both days inclusive.

No part of the share capital of the Company is listed or dealt in, and no listing or permission to deal is being or is proposed to be sought, on any other stock exchange other than the Stock Exchange.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be 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.

Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted into CCASS. Dealings in the Rights Shares in both their nil-paid and fully-paid forms, both of which will be traded in board lots of 2,000 Shares, registered in the branch register of members of the Company in Hong Kong, will be subject to the payment of stamp duty in Hong Kong.

### **Non-Qualifying Shareholders**

The Company will send the Prospectus only (without any PAL and EAF) to the Non-Qualifying Shareholders for their information.

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## LETTER FROM THE BOARD

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Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in nil-paid Rights Shares end and, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by Qualifying Shareholders.

### **Application for listing of the Rights Shares on the Stock Exchange**

The Company has made the application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Rights Shares, in both their nil-paid and fully-paid forms. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange other than the Stock Exchange.

The primary listing of the Shares is on the main board of the Stock Exchange. Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates 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.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms (both in board lots of 2,000 Shares) which are registered in Hong Kong will be subject to the payment of stamp duty and other applicable fees in Hong Kong.

### **Share certificates and refund cheques for Rights Shares**

Subject to the fulfilment or waiver of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares and refund cheques in respect of wholly or partly unsuccessful applications for excess Rights Shares (if any) are expected to be posted to those entitled thereto by Friday, 5 October 2012 by ordinary post at their own risk. One share certificate will be issued for all the Rights Shares allotted to an applicant.

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## LETTER FROM THE BOARD

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Refund cheques in respect of wholly or partly unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Friday, 5 October 2012 by ordinary post to the applicants at their own risk.

### **Taxation**

Qualifying Shareholders should consult their professional advisers to the tax implications of the holding or disposal of, or dealings in the Rights Shares in both their nil-paid and fully-paid forms. It is emphasised that none of the Company, the Directors or any parties involved in the Rights Issue accepts responsibility for any tax effect or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon, among other things, each of the following:

- (i) the registration by and filing with the Registrar of Companies in Hong Kong of the Prospectus Documents and in Bermuda of the Prospectus;
- (ii) the posting of copies of the Prospectus Documents to the Qualifying Shareholders on the Posting Date;
- (iii) compliance with and performance by the Company of certain undertakings and obligations under the terms of the Underwriting Agreement;
- (iv) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms and such listings and permission to deal not having been withdrawn or revoked on or before 4:00 p.m. on the Settlement Date;
- (v) if required, the Bermuda Monetary Authority granting its consent to the issue of Rights Shares;
- (vi) the Shares remaining listed on the Stock Exchange at all times prior to the Settlement Date and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 5 trading days; and
- (vii) delivery by the Company to the Underwriter of irrevocable undertakings by Landmark Profits and Goodco to accept their respective entitlement under the Rights Issue and fulfillment of their obligations under the undertaking.

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## LETTER FROM THE BOARD

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The Rights Issue will not proceed if the Underwriting Agreement is terminated.

In the event that the conditions (i), (ii) and (iii) above are not fulfilled and/or waived (other than condition (i) which cannot be waived in whole or in part by the Underwriter) on or before the despatch of the Prospectus Documents or in the event that the conditions (iv), (v) and (vi) above have not been satisfied/or waived (other than conditions (iv) and (v) above which cannot be waived in whole or part by the Underwriter) on or before 4:00 p.m. on the Settlement Date, (or, in each case, such later date as the Underwriter and the Company may agree) all liabilities of the parties to the Underwriting Agreement shall cease and neither party shall have any claim against the other (except that certain expenses of the Underwriter shall remain payable by the Company) and the irrevocable undertakings by Landmark Profits and Goodco to accept their entitlements under the Rights Issue will lapse and the Rights Issue will not proceed.

### UNDERWRITING AGREEMENT FOR THE RIGHTS ISSUE

#### Undertakings

As at the Latest Practicable Date, Easyknit International, through Landmark Profits and Goodco, is interested in 398,450,671 Shares, representing approximately 52.23% of the total issued share capital of the Company. Each of Landmark Profits and Goodco has irrevocably undertaken to the Company and the Underwriter that the Shares beneficially owned by them will not be disposed of or transferred from the date of the undertaking, being the date of the Underwriting Agreement, to the Record Date and that the Rights Shares to be allotted in respect of those Shares will be taken up in full, representing a total of 199,225,335 Rights Shares. Landmark Profits and Goodco will not apply for any excess Rights Shares.

#### Underwriting Agreement

Date	:	15 August 2012
Underwriter	:	Kingston Securities Limited
Number of Rights Shares being underwritten by the Underwriter	:	All Rights Shares which are not subject to the Undertakings, being 182,203,002 Rights Shares
Commission	:	1% of the aggregate Subscription Price of the 182,203,002 Underwritten Shares as determined on the Record Date

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## LETTER FROM THE BOARD

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To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company. As at the Latest Practicable Date, the Underwriter is interested in 350 Shares.

Under the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers of the Underwritten Shares:

- (i) the Underwriter is obliged to subscribe or procure subscribers for all Underwritten Shares; and
- (ii) the Underwriter shall use its reasonable endeavours to ensure that (1) each of the subscribers of the Underwritten Shares procured by it shall be a third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Directors or chief executive of the Company or substantial shareholders of the Company or their respective associates and concert parties; and (2) any subscribers procured by it shall not, together with any party acting in concert with it, hold 10% or more of the voting rights of the Company upon completion of the Rights Issue.

In addition, the Underwriter has confirmed that it will procure, on a reasonable endeavours basis, that neither itself, nor any of the subscribers procured by it will (together with any parties acting in concert with them) hold 10% or more of the voting rights of the Company upon the completion of the Rights Issue. The Underwriting Agreement imposes a “reasonable endeavours” obligation relating to the percentages to be taken up by the Underwriter and individual subscribers in the underwriting as described above. Notwithstanding, the Underwriter has the overriding obligation to underwrite all the Rights Shares.

The Underwriter has confirmed with the Company that it has put in place arrangements to procure independent third parties to take up such number of Underwritten Shares not taken up by Shareholders sufficient to enable the Underwriter to fulfill its above reasonable endeavours obligation.

The commission rate was determined after arm’s length negotiations between the Company and the Underwriter by reference to the size of the Rights Issue, and the current and expected market conditions. The Board considers the terms of the Underwriting Agreement including the commission rate are fair and reasonable as far as the Company and the Shareholders are concerned.

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## LETTER FROM THE BOARD

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### Termination of the Underwriting Agreement

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing given by it to the Company at any time prior to 4:00 p.m. on the Settlement Date if:

- (1) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (c) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the absolute opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) the Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the

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## LETTER FROM THE BOARD

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Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter be material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue.

In addition, the Underwriter has the right to terminate the Underwriting Agreement if any material breach of the warranties under the Underwriting Agreement comes to the knowledge of the Underwriter.

Upon the giving of notice of termination, all obligations of the Underwriter under the Underwriting Agreement shall cease and neither it nor the Company shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriter the fees and expenses payable under it (other than the underwriting commission). If the Underwriter exercises such right, the Rights Issue will not proceed.

### CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structures of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue under various scenarios:

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Rights Shares are taken up by Qualifying Shareholders)		Immediately after completion of the Rights Issue (assuming only Landmark Profits and Goodco take up their Rights Shares)	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Landmark Profits	174,592,987	22.89	261,889,480	22.89	261,889,480	22.89
Goodco	223,857,684	29.34	335,786,526	29.34	335,786,526	29.34
Public	364,405,654	47.77	546,608,481	47.77	364,405,654	31.85
Underwriter	350	0.00	525	0.00	182,203,352	15.92
					<i>(note)</i>	
Total	<u>762,856,675</u>	<u>100.00</u>	<u>1,144,285,012</u>	<u>100.00</u>	<u>1,144,285,012</u>	<u>100.00</u>

*Note:*

**This scenario is for illustrative purpose only.**

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## LETTER FROM THE BOARD

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Under the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers of the Underwritten Shares:

- (i) the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 10% of the voting rights of the Company upon the completion of the Rights Issue; and
- (ii) the Underwriter shall use its best endeavours to ensure that (1) each of the subscribers of the Underwritten Shares procured by it shall be a third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected to the Directors or chief executive of the Company or substantial shareholders of the Company or their respective associates and parties acting in concert with it; and (2) any subscribers procured by it shall not, together with any party acting in concert with it, hold 10% or more of the voting rights of the Company upon completion of the Rights Issue.

The Underwriter has confirmed that it will procure, on a reasonable endeavours basis, that neither itself, nor any of the subscribers procured by it will (together with any parties acting in concert with them) hold 10% or more of the voting rights of the Company upon the completion of the Rights Issue.

### REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in (i) property investment, comprising the rental of investment properties; (ii) garment sourcing and exporting businesses; and (iii) investment in securities.

As stated in the 2011/12 annual report, the Company has purchased a property located at the ground floor of No. 6 Cannon Street, Causeway Bay, Hong Kong at a consideration of HK\$180,000,000 in May 2012. In addition, the Company has purchased five properties situated at No. 15 Matheson Street, Causeway Bay, Hong Kong at a total consideration of HK\$81,000,000 in June 2012. The Group continues to seek opportunities to invest in properties with good potential so as to further expand its property investment portfolio.

The gross proceeds of the Rights Issue will be approximately HK\$29.4 million. After deducting estimated expenses of approximately HK\$1.0 million, to be borne by the Company, the estimated net proceeds of the Rights Issue will be approximately HK\$28.4 million. The Company intends to apply such net proceeds from the Rights Issue for property investments and general working capital of the Group. The net price per Rights Share is approximately HK\$0.074.

The Board considers that the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company. Hence, the Board considers that fund raising through the Rights Issue is in the best interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### FUND RAISING EXERCISES OF THE COMPANY

Save as disclosed below, the Company has not conducted any other fund raising exercise in the past 12 months immediately prior to the Latest Practicable Date.

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds raised (approximately)</b>	<b>Proposed use of proceeds</b>	<b>Actual use of proceeds (approximately)</b>
30 May 2012	Placing of new shares under general mandate	HK\$13.6 million	General working capital of the Group	Payment of expenses of HK\$3.7 million; settlement of trade and bills payable of HK\$6.3 million; and investments in listed securities of HK\$3.6 million
18 July 2012	Placing of new shares under general mandate	HK\$12.0 million	(i) Fitting and renovation of properties; and (ii) General working capital of the Group	To be applied as intended

### FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The operating environment of the garment sourcing and exporting business was challenging due to record high price of cotton, continued appreciation of Renminbi against US dollars and overall price surge resulting from inflation. However, the Company will continue to enhance its competitiveness by providing customers with more products of better quality and design.

The current global financial situation remains complex and volatile and the quantitative easing measures implemented by the United States government has introduced hot money to Hong Kong and further pushed up the property prices and rentals during the year. However, we believe that the Hong Kong government has sufficient effective policies to curb property market speculation.

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## LETTER FROM THE BOARD

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Since publication of the 2011/12 annual report of the Company, the Board maintained its property portfolio for investment purpose and continued to look for other opportunities to maximise Shareholders' return. In addition, the Company intends to continue to explore investment opportunities in the hotel and service apartment business. Such process is ongoing and the Company currently has not identified any specific target.

### **WARNING OF THE RISK OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

**The Shares has been dealt in on an ex-rights basis from Tuesday, 4 September 2012. Dealings in the Rights Shares in the nil-paid form will take place from Thursday, 13 September 2012 to Thursday, 20 September 2012 (both dates inclusive).**

**If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated, the Rights Issue will not proceed.**

**Any Shareholders or other persons dealing in Shares up to the date on which all the conditions to which the Rights Issue is subject to are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from Thursday, 13 September 2012 to Thursday, 20 September 2012 (both dates inclusive) will bear the risk that the Rights Issue may not become unconditional and may not proceed. If in any doubt, investors are recommended to consult their professional advisers.**

### **PERMISSION OF THE BERMUDA MONETARY AUTHORITY**

Permission under the Exchange Control Act 1972 of Bermuda (as amended) (and regulations made thereunder) has been granted by the Bermuda Monetary Authority in respect of the issue of the Rights Shares to persons regarded as non-residents of Bermuda for exchange control purposes subject to the requirement that the Shares are listed on the Stock Exchange. In granting such permission and in accepting the Prospectus for filing, neither the Bermuda Monetary Authority nor the Registrar of Companies in Bermuda accepts any responsibility for the financial soundness of the Group or for the correctness of any statements made or opinions expressed in this Prospectus.

### **ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in appendices to this Prospectus.

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

**1. DIRECTORS****Particulars of Directors**

<b>Name</b>	<b>Address</b>
<b>Executive Directors</b>	
Kwong Jimmy Cheung Tim	Flat F, 25th Floor Block 5, Hanford Garden 333 Castle Peak Road Castle Peak Bay Tuen Mun New Territories Hong Kong
Lui Yuk Chu	No. 7, Braga Circuit Kowloon Hong Kong
Koon Ho Yan Candy	No. 7, Braga Circuit Kowloon Hong Kong
<b>Non-executive Director</b>	
Tse Wing Chiu Ricky	House D6 Flamingo Garden No. 7, Fei Wan Road Fei Ngo Shan New Territories Hong Kong
<b>Independent Non-executive Directors</b>	
Kan Ka Hon	Unit GB, No.11 La Serene Discovery Bay New Territories Hong Kong
Lau Sin Ming	Flat D, 4th Floor Wah Shing Building 19 Castle Peak Road Kowloon Hong Kong

<b>Name</b>	<b>Address</b>
Foo Tak Ching	Flat A, 11th Floor Skyline Mansion 51 Conduit Road Hong Kong

### **Executive Directors**

#### ***Mr. Kwong Jimmy Cheung Tim (Chairman and Chief Executive Officer)***

Mr. Kwong, aged 69, is an executive Director, chairman, and chief executive officer and authorised representative of the Company and chairman of the Executive Committee. He is also an executive director, president, chief executive officer and authorised representative, and chairman of the Executive Committee of Easyknit International. Mr. Kwong graduated from the University of Hong Kong in 1965 and was admitted as a Barrister-at-Law in the United Kingdom in 1970 and in Hong Kong in 1973 respectively. He serves as director of various subsidiaries of the Company and Easyknit International. Mr. Kwong was appointed to the Board as an independent non-executive Director in April 2003, and was subsequently re-designated as an executive Director in April 2007. In December 2007, Mr. Kwong was appointed as chairman and chief executive officer of the Company.

#### ***Ms. Lui Yuk Chu (Deputy Chairman)***

Ms. Lui, aged 55, is an executive Director and deputy chairman of the Company and a member of the Executive Committee. She is also an executive director and vice president, and a member of the Executive Committee of Easyknit International. Ms. Lui has been involved in the textiles industry for a number of years and has experience in design, manufacturing, marketing and distribution of apparel. She serves as director of various subsidiaries of the Company and Easyknit International. Ms. Lui was appointed to the Board as an executive Director in 2003 and was appointed as deputy chairman in 2006. She is the mother of Ms. Koon Ho Yan Candy, an executive Director of the Company.

***Ms. Koon Ho Yan Candy***

Ms. Koon, aged 27, is an executive Director of the Company and a member of the Executive Committee since 2010. She graduated from the University of Durham, England in 2007 with a Bachelor of Arts degree in Economics and Politics. She also received her Bachelor of Laws degree and Legal Practice Course qualification in 2009 from the College of Law, England. Ms. Koon is also an executive director and a member of the executive committee of Easyknit International. Ms. Koon is the daughter of Ms. Lui Yuk Chu, the deputy chairman of the Company.

**Non-executive Director*****Mr. Tse Wing Chiu Ricky***

Mr. Tse, aged 54 is a non-executive Director of the Company. He is also a non-executive director of Easyknit International. Mr. Tse obtained a Master's Degree in Business Administration from Adam Smith University of America in the United States in 1996. He has many years of experience in garment manufacturing and merchandising. Mr. Tse was appointed to the Board as an executive Director and vice chairman in 2005, and was subsequently re-designated from vice chairman to chairman and appointed as chief executive officer in 2006. In 2007, Mr. Tse was re-designated from an executive Director to a non-executive Director of the Company and resigned as chairman and chief executive officer.

**Independent Non-executive Directors*****Mr. Kan Ka Hon***

Mr. Kan, aged 61, is an independent non-executive Director of the Company since 2003. He is also a member and chairman of Audit Committee, Remuneration Committee and Nomination Committee. He holds a Bachelor's Degree in Science from the University of Hong Kong and is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. He has many years of experience in accounting and finance. Mr. Kan is also an independent non-executive director of Victory City International Holdings Limited (stock code: 0539).

***Mr. Lau Sin Ming***

Mr. Lau, aged 51, is an independent non-executive Director of the Company since 2004. He is also a member and chairman of Remuneration Committee, a member of Audit Committee and Nomination Committee. He is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. He has many years of experience in accounting and auditing.

***Mr. Foo Tak Ching***

Mr. Foo, aged 78, is an independent non-executive Director of the Company since 2007. He is also a member and chairman of Nomination Committee, a member of Audit Committee and Remuneration Committee. He is currently a Partner of Messrs. Liu, Choi & Chan, a firm of solicitors and notaries in Hong Kong and has been practicing in the legal field for more than 30 years. He obtained his LLB from the University of London in the United Kingdom in 1968 and his diploma in Chinese Laws from the University of East Asia in Macau in 1987. Mr. Foo was admitted as a solicitor in England and Wales in 1972 and in Hong Kong in 1973 and admitted as a barrister and solicitor in the State of Victoria, Australia in 1982. He is a Notary Public and a China Appointed Attesting Officer.

**2. CORPORATE INFORMATION**

<b>Registered office</b>	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
<b>Principal place of business</b>	7th Floor Hong Kong Spinners Building, Phase 6 481-483 Castle Peak Road Cheung Sha Wan, Kowloon Hong Kong
<b>Company secretary</b>	Lee Po Wing ( <i>LL.B.</i> )
<b>Authorised representatives</b>	Kwong Jimmy Cheung Tim Koon Ho Yan Candy

<b>Legal advisers to the Company</b>	<i>As to Hong Kong law:</i> Reed Smith Richards Butler 20th Floor Alexandra House 18 Chater House Central Hong Kong  <i>As to Bermuda law:</i> Appleby 2206-19 Jardine House 1 Connaught Place, Central Hong Kong
<b>Auditor</b>	Deloitte Touche Tohmatsu <i>Certified Public Accountants</i> 35th Floor, One Pacific Place 88 Queensway Hong Kong
<b>Branch share registrar and transfer office in Hong Kong</b>	Tricor Secretaries Limited 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
<b>Principal share registrar and transfer office in Bermuda</b>	Butterfield Fulcrum Group (Bermuda) Limited Rosebank Centre 11 Bermudiana Road Pembroke HM08 Bermuda
<b>Principal bankers</b>	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong  Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong  Wing Hang Bank 161 Queen's Road Central Hong Kong

### 3. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following the Rights Issue are expected to be as follows:

*Authorised:*

<u>20,000,000,000</u>	Shares	<u>HK\$200,000,000.00</u>
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*Issued and fully-paid:*

<u>762,856,675</u>	Shares in issue as at the Latest Practicable Date	<u>HK\$7,628,566.75</u>
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<u>381,428,337</u>	Rights Shares to be issued pursuant to the Rights Issue	<u>HK\$3,814,283.37</u>
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<u>1,144,285,012</u>	Shares in issue immediately following the Rights Issue	<u>HK\$11,442,850.12</u>
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Each of the Shares in issue ranks *pari passu* with all other Shares in all respects including as to rights to dividends, voting and return of capital. The Rights Shares to be issued pursuant to the Rights Issue, when fully paid and issued, will rank *pari passu* in all respects with the Shares then in issue including as to the right to receive future dividends and distributions which may be declared, made or paid after the issue of the Rights Shares.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

Save as disclosed herein, no share or loan capital of the Company or any of its subsidiaries has been put under option or agreed conditionally or unconditionally to be put under option.

The Company has no outstanding warrants, share options or other securities which are convertible into or giving rights to subscribe for Shares.

**1. FINANCIAL SUMMARY OF THE GROUP**

The published audited consolidated financial statements of the Group for the years ended 31 March 2010, 2011 and 2012 are disclosed in the annual reports of the Company for the years ended 31 March 2010, 2011 and 2012. They can be accessed on the website of the Company ([www.easyknitenterp.com](http://www.easyknitenterp.com)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

**2. WORKING CAPITAL**

The Directors are of the opinion that the Group has sufficient working capital for the next 12 months from the date of this Prospectus in the absence of unforeseen circumstances.

**3. INDEBTEDNESS**

At the close of business on 31 July 2012, being the latest practicable date for ascertaining this information prior to the printing of this Prospectus, the Group had outstanding bank borrowings of approximately HK\$173,093,000, which were guaranteed by the Company and were secured by certain investment properties of the Group.

Apart from as disclosed above and intra-group liabilities, the Group did not have at the close of business on 31 July 2012 any debt securities authorised or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED  
NET TANGIBLE ASSETS OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group which has been prepared to illustrate the effect of the Rights Issue on the net tangible assets of the Group as if the Rights Issue had been completed on 31 March 2012. As it is prepared for illustrative purposes only, and because of its nature, it may not give a true picture of the financial position of the Group upon completion of the Rights Issue.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the net tangible assets of the Group as at 31 March 2012 as extracted from the published annual report of the Group for the year ended 31 March 2012 and is adjusted for the effect of the Rights Issue.

Consolidated net tangible assets of the Group as at 31 March 2012 <i>(Note 1)</i> <i>HK\$'000</i> <i>(Audited)</i>	Estimated net proceeds from the Rights Issue <i>(Note 2)</i> <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group as adjusted for the Rights Issue <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets as adjusted for the Rights Issue per Share <i>(Note 3)</i> <i>HK\$</i>
594,764	28,400	623,164	0.669

## Notes:

- The audited consolidated net tangible assets of the Group as at 31 March 2012 is based on the net assets of the Group amounting to HK\$594,764,000 extracted from the published annual report of the Group for the year ended 31 March 2012.
- The estimated net proceeds from the Rights Issue are based on 381,428,337 Rights Shares of HK\$0.01 each at HK\$0.077 per Rights Share on the basis of one Rights Share for every two shares of the Company held as at the Latest Practicable Date, after deducting the estimated underwriting commission and other related expenses of approximately HK\$1 million to be incurred by the Company.
- The number of Shares used for the calculation of this amount is 932,115,012, representing 550,686,675 Shares in issue as at 31 March 2012 and 381,428,337 Rights Shares. As at 31 March 2012, the consolidated net tangible assets per Share is HK\$1.080.
- No adjustments have been made to reflect any trading results, any issue of new Shares or other transactions of the Group entered into subsequent to 31 March 2012.

**B. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA  
STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS**

**Deloitte.**  
**德勤**

**TO THE DIRECTORS OF EASYKNIT ENTERPRISES HOLDINGS LIMITED**

We report on the unaudited pro forma statement of adjusted consolidated net tangible assets of Easyknit Enterprises Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed rights issue of 381,428,337 rights shares of HK\$0.01 each at HK\$0.077 per rights share on the basis of one rights share for every two shares of the Company might have affected the consolidated net tangible assets of the Group presented, for inclusion in Section A of Appendix III to the prospectus of the Company dated 11 September 2012 (the “Prospectus”). The basis of preparation of the unaudited pro forma statement of adjusted consolidated net tangible assets is set out in Section A of Appendix III to the Prospectus.

**Respective responsibilities of directors of the Company and reporting  
accountants**

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma statement of adjusted consolidated net tangible assets in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma statement of adjusted consolidated net tangible assets and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma statement of adjusted consolidated net tangible assets beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**Basis of opinion**

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma statement of adjusted consolidated net tangible assets with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma statement of adjusted consolidated net tangible assets has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma statement of adjusted consolidated net tangible assets as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma statement of adjusted consolidated net tangible assets is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 31 March 2012 or any future date.

**Opinion**

In our opinion:

- a) the unaudited pro forma statement of adjusted consolidated net tangible assets has been properly compiled by the directors of the Company on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purposes of the unaudited pro forma statement of adjusted consolidated net tangible assets as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
11 September 2012

## 1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' interests in Shares

As at the Latest Practicable Date, the Directors and the chief executive of the Company had the following interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or, chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

Name of Director	Capacity	Number of ordinary Shares held (long position)	Approximate percentage of interest
Ms. Lui Yuk Chu	Beneficiary of a trust (note i)	398,450,671	52.23%
Ms. Koon Ho Yan Candy	Beneficiary of a trust (note ii)	398,450,671	52.23%

*Notes:*

- (i) These Shares were respectively registered in the name of and were beneficially owned by Landmark Profits and Goodco, both were wholly-owned subsidiaries of Easyknit International. Sea Rejoice Limited was interested in approximately 21.95% of the issued share capital of Easyknit International and it was wholly-owned by Ms. Lui Yuk Chu. Magical Profits Limited 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 and her family members other than her spouse).
- (ii) Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and an executive Director of the Company, was deemed to be interested in the Shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares and/or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

**(b) As at the Latest Practicable Date:**

- (i) none of the Directors had any direct or indirect interest in any assets which have been, since the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries; and
- (ii) none of the Directors is materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the date of this Prospectus and which is significant in relation to the business of the Group.

**(c) Directors' interests in competing business**

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

**3. SUBSTANTIAL SHAREHOLDERS**

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the persons (“Substantial Shareholders”) (other than the Directors or the chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital are set out below:

<b>Name of Shareholder</b>	<i>Note</i>	<b>Capacity</b>	<b>Number of ordinary Shares held (long position)</b>	<b>Approximate percentage of interest</b>
Koon Wing Yee	<i>i</i>	Interest of spouse	398,450,671	52.23%
Landmark Profits	<i>i &amp; ii</i>	Beneficial owner	174,592,987	22.89%
Goodco	<i>i &amp; ii</i>	Beneficial owner	223,857,684	29.34%
Easyknit International	<i>i &amp; ii</i>	Interest of controlled corporation	398,450,671	52.23%
Magical Profits Limited	<i>i &amp; iii</i>	Interest of controlled corporation	398,450,671	52.23%
Accumulate More Profits Limited	<i>i</i>	Interest of controlled corporation	398,450,671	52.23%
Hang Seng Bank Trustee International Limited	<i>i &amp; iv</i>	Trustee	398,450,671	52.23%
Hang Seng Bank Limited	<i>iv</i>	Interest of controlled corporation	398,450,671	52.23%
The Hongkong & Shanghai Banking Corporation Limited	<i>iv</i>	Interest of controlled corporation	398,450,671	52.23%
HSBC Asia Holdings BV	<i>iv</i>	Interest of controlled corporation	398,450,671	52.23%

Name of Shareholder	Note	Capacity	Number of ordinary Shares held (long position)	Approximate percentage of interest
HSBC Asia Holdings (UK) Limited	<i>iv</i>	Interest of controlled corporation	398,450,671	52.23%
HSBC Holdings BV	<i>iv</i>	Interest of controlled corporation	398,450,671	52.23%
HSBC Finance (Netherlands)	<i>iv</i>	Interest of controlled corporation	398,450,671	52.23%
HSBC Holdings plc	<i>iv</i>	Interest of controlled corporation	398,450,671	52.23%
Kingston Securities Limited	<i>v</i>	Other	182,203,352	15.92%
Galaxy Sky Investments Limited	<i>v</i>	Interest of controlled corporation	182,203,352	15.92%
Kingston Capital Asia Limited	<i>v</i>	Interest of controlled corporation	182,203,352	15.92%
Kingston Financial Group Limited	<i>v</i>	Interest of controlled corporation	182,203,352	15.92%
Active Dynamic Limited	<i>v</i>	Interest of controlled corporation	182,203,352	15.92%
Chu Yuet Wah	<i>v</i>	Interest of controlled corporation	182,203,352	15.92%

*Notes:*

- (i) The 398,450,671 Shares related to the same block of Shares in the Company of which 174,592,987 Shares and 223,857,684 Shares were respectively registered in the name of and were beneficially owned by Landmark Profits and Goodco, both are the wholly-owned subsidiaries of Easyknit International. Sea Rejoice Limited was interested in approximately 21.95% of the issued share capital of Easyknit International and it was wholly-owned by Ms. Lui Yuk Chu. 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 include Ms. Lui Yuk Chu and her family members other than her spouse). Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and a Director of the Company, was deemed to be interested in the Shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust. Mr. Koon Wing Yee, being the spouse of Ms. Lui Yuk Chu, was deemed to be interested in the 398,450,671 Shares by virtue of the SFO.
- (ii) Mr. Kwong Jimmy Cheung Tim and Ms. Lui Yuk Chu, being Directors of the Company, are also directors of Landmark Profits, Goodco and Easyknit International. Ms. Koon Ho Yan Candy, being a Director of the Company, is also a director of Easyknit International.

- (iii) Ms. Lui Yuk Chu, being a Director of the Company, is also a director of Sea Rejoice Limited and Magical Profits Limited.
- (iv) Hang Seng Bank Trustee International Limited is a wholly-owned subsidiary of Hang Seng Bank Limited. Hang Seng Bank Limited is owned as to approximately 62.14% by The Hongkong and Shanghai Banking Corporation Limited. The Hongkong and Shanghai Banking Corporation Limited is wholly-owned by HSBC Asia Holdings BV which is a wholly-owned subsidiary of HSBC Asia Holdings (UK) Limited. HSBC Asia Holdings (UK) Limited is wholly-owned by HSBC Holdings BV which in turn is wholly-owned by HSBC Finance (Netherlands). HSBC Finance (Netherlands) is a wholly-owned subsidiary of HSBC Holdings plc.
- (v) Out of 182,203,352 Shares, 182,203,002 Shares are the Underwritten Shares in respect of the Rights Issue. The Underwriter is interested in the remaining 350 Shares. Kingston Securities Limited is wholly-owned by Galaxy Sky Investment Limited which in turn is wholly-owned by Kingston Capital Asia Limited. Kingston Capital Asia Limited is 100% owned by Kingston Financial Group Limited which is 40.24% owned by Active Dynamic Limited which in turn is wholly-owned by Chu Yuet Wah.

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

#### **6. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change to the financial or trading position of the Group since 31 March 2012, being the date to which the latest published audited financial statements of the Company were made up.

**7. MATERIAL CONTRACTS**

The following contracts, not being contracts in the ordinary course of business of the Group, were entered into by the Group within two years immediately preceding the date of this Prospectus which are or may be material:

- (a) the underwriting agreement dated 4 January 2011 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 183,562,225 rights share at the subscription price of HK\$0.35 per rights share on the basis of one rights share for every two Shares held;
- (b) the renewal of the tenancy agreement dated 15 June 2011 entered into between Easyknit Global Company Limited, a wholly-owned subsidiary of the Company, as tenant and Wellmake Investments Limited, an indirect wholly-owned subsidiary Easyknit International, as landlord in respect of the lease of the premises located at Unit A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong for a year at a monthly rental of HK\$206,800;
- (c) the provisional sale and purchase agreements dated 16 February 2012 entered into between Top Channel Enterprises Limited (“Top Channel”), an indirect wholly-owned subsidiary of the Company, as purchaser and Lai Wai Ha, Ng Yu Kwong, Ng Siu Lan Clara and Ng Siu Yuen Veronica as vendors in relation to the acquisition of a property being the Ground Floor of No. 6 Cannon Street, Causeway Bay, Hong Kong for a consideration of HK\$180,000,000;
- (d) the formal sale and purchase agreement dated 9 March 2012 entered into between Top Channel as purchaser and Lai Wai Ha, Ng Yu Kwong, Ng Siu Lan Clara and Ng Siu Yuen Veronica as vendors in relation to the acquisition of a property being the Ground Floor of No. 6 Cannon Street, Causeway Bay, Hong Kong for a consideration of HK\$180,000,000;
- (e) the provisional sale and purchase agreement dated 18 April 2012 entered into between Main Lucky Enterprises Limited (“Main Lucky”), an indirect wholly-owned subsidiary of the Company, as purchaser and Li Christina Shuk Ching and Chan Wai Ching Ivy as vendors in relation to the acquisition of a property being the 1st Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$19,000,000;
- (f) the formal sale and purchase agreement dated 27 April 2012 entered into between Main Lucky as purchaser and Li Christina Shuk Ching and Chan Wai Ching Ivy as vendors in relation to the acquisition of a property being the 1st Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$19,000,000;

- (g) the provisional sale and purchase agreement dated 27 April 2012 entered into between Main Lucky as purchaser and Fung Yuet Ho as vendor in relation to the acquisition of a property being the 2nd Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$16,800,000;
- (h) the provisional sale and purchase agreement dated 30 April 2012 entered into between Main Lucky as purchaser and Chan Sun Sang Tony as vendor in relation to the acquisition of a property being the 3rd Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$16,700,000;
- (i) the provisional sale and purchase agreement dated 30 April 2012 entered into between Main Lucky as purchaser and Chan Kwai Sang and Chan Wai Ching Ivy as vendors in relation to the acquisition of a property being the 4th Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$14,500,000;
- (j) the provisional sale and purchase agreement dated 30 April 2012 entered into between Main Lucky as purchaser and Lee Ho Yee and Chan Wai Pong as vendors in relation to the acquisition of a property being the 5th Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$14,000,000;
- (k) the formal sale and purchase agreement dated 4 May 2012 entered into between Main Lucky as purchaser and Lee Ho Yee and Chan Wai Pong as vendors in relation to the acquisition of a property being the 5th Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$14,000,000;
- (l) the formal sale and purchase agreement dated 7 May 2012 entered into between Main Lucky as purchaser and Chan Sun Sang Tony as vendor in relation to the acquisition of a property being the 3rd Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$16,700,000;
- (m) the formal sale and purchase agreement dated 7 May 2012 entered into between Main Lucky as purchaser and Chan Kwai Sang and Chan Wai Ching Ivy as vendors in relation to the acquisition of a property being the 4th Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$14,500,000;
- (n) the formal sale and purchase agreement dated 11 May 2012 entered into between Main Lucky as purchaser and Fung Yuet Ho as vendor in relation to the acquisition of a property being the 2nd Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$16,800,000;

- (o) an assignment dated 16 May 2012 entered into between Top Channel as purchaser and Lai Wai Ha, Ng Yu Kwong, Ng Siu Lan Clara and Ng Siu Yuen Veronica as vendors in relation to the acquisition of a property being the Ground Floor of No. 6 Cannon Street, Causeway Bay, Hong Kong for a consideration of HK\$180,000,000;
- (p) an assignment dated 16 May 2012 entered into between Main Lucky as purchaser and Li Christina Shuk Ching and Chai Wai Ching Ivy as vendors in relation to the acquisition of a property being the 1st Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$19,000,000;
- (q) the placing agreement dated 30 May 2012 entered into between the Company and Kingston Securities Limited, as the placing agent, to place 97,470,000 new Shares of the Company at a placing price of HK\$0.141;
- (r) an assignment dated 8 June 2012 entered into between Main Lucky as purchaser and Chan Sun Sang Tony as vendor in relation to the acquisition of a property being the 3rd Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$16,700,000;
- (s) an assignment dated 11 June 2012 entered into between Main Lucky as purchaser and Fung Yuet Ho as vendor in relation to the acquisition of a property being the 2nd Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$16,800,000;
- (t) an assignment dated 8 June 2012 entered into between Main Lucky as purchaser and Chan Kwai Sang and Chan Wai Ching Ivy as vendors in relation to the acquisition of a property being the 4th Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$14,500,000;
- (u) an assignment dated 11 June 2012 entered into between Main Lucky as purchaser and Lee Ho Yee and Chan Wai Pong as vendors in relation to the acquisition of a property being the 5th Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$14,000,000;
- (v) the placing agreement dated 18 July 2012 entered into between the Company and Kingston Securities Limited, as the placing agent, to place 114,700,000 new Shares of the Company at a placing price of HK\$0.106; and
- (w) the Underwriting Agreement.

**8. EXPERT AND CONSENT**

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

<b>Name</b>	<b>Qualification</b>
Deloitte Touche Tohmatsu	Certified Public Accountants

As at the Latest Practicable Date, the above expert did not have:

- (a) any direct or indirect interest in any assets which have been, since 31 March 2012 (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; and
- (b) 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.

The above expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letter and the references to its name in the form and context in which it appears.

**9. GENERAL**

- (a) The company secretary of the Company is Mr. Lee Po Wing, a practising solicitor since 1994 with extensive experience in legal field;
- (b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business of the Company in Hong Kong is at 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong;
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong; and
- (d) The English text of this Prospectus prevails over the Chinese text.

**10. 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 for a period of 14 days from the date of this Prospectus:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the letter of consent referred to in the paragraph headed "Expert and consent" above;
- (c) the material contracts referred to in the paragraph headed "Material Contracts" above;
- (d) the report from Deloitte Touche Tohmatsu in respect of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as set out in Appendix III to this Prospectus;
- (e) the annual reports of the Company for each of the three financial years ended 31 March 2010, 31 March 2011 and 31 March 2012;
- (f) the circular of the Company dated 25 June 2012 in respect of a major transaction involving the acquisition of 4 properties situated at No. 15 Matheson Street, Causeway Bay, Hong Kong for a total consideration of HK\$62,000,000; and
- (g) this Prospectus.