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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.

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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)

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

Financial adviser to the Company



**KINGSTON CORPORATE FINANCE LTD.**

Underwriter of the 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 24 to 25 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 10 to 11 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 Friday, 21 December 2012 to Wednesday, 2 January 2013 (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 Monday, 7 January 2013. The procedures for acceptance and payment or transfer of the Rights Shares are set out on pages 16 to 17 of this Prospectus.

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## EXPECTED TIMETABLE

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*The expected timetable for the Capital Reorganisation, the change in board lot size and the Rights Issues is set out below:*

**2012**

**Event** **(Hong Kong time)**

First day of dealings in nil-paid Rights Shares . . . . . Friday, 21 December

Designated broker starts to stand in the market  
to provide matching services for odd lots  
of Adjusted Shares . . . . . 9:00 a.m. on  
Thursday, 27 December

Original counter for trading in Adjusted Shares  
in new board lots of 4,000 Adjusted Shares  
(in the form of new share certificates) re-opens . . . . . 9:00 a.m. on  
Thursday, 27 December

Parallel trading in Adjusted Shares (in the form  
of both existing certificates in board lots of  
100 Adjusted Shares and new share certificates  
in board lots of 4,000 Adjusted Shares) commences . . . . . 9:00 a.m. on  
Thursday, 27 December

Latest time for splitting nil-paid Rights Shares . . . . . 4:00 p.m. on  
Thursday, 27 December

**2013**

**(Hong Kong time)**

Last day of dealing in nil-paid Rights Shares . . . . . Wednesday, 2 January

Latest time for acceptance of, and payment for,  
the Rights Shares and the application for  
excess Rights Shares . . . . . 4:00 p.m. on  
Monday, 7 January

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## EXPECTED TIMETABLE

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Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional . . . . .	4:00 p.m. on Friday, 11 January
Announcement of results of the Rights Issue . . . . .	Tuesday, 15 January
Refund cheques to be despatched in relation to wholly or partially unsuccessful applications for excess Rights Shares on or before . . . . .	Wednesday, 16 January
Certificates for fully paid Rights Shares to be despatched on or before . . . . .	Wednesday, 16 January
Commencement of dealings in fully-paid Rights Shares . . . . .	9:00 a.m. on Thursday, 17 January
Temporary counter for trading in Adjusted Shares in board lots of 100 Adjusted Shares (in the form of existing certificates) closes . . . . .	4:00 p.m. on Thursday, 17 January
Parallel trading in the Adjusted Shares (represented by both existing share certificates in board lots of 100 Adjusted Shares and new share certificates in board lots of 4,000 Adjusted Shares) ends . . . . .	4:00 p.m. on Thursday, 17 January
Designated broker ceases to stand in the market to provide matching service . . . . .	4:00 p.m. on Thursday, 17 January
Last day for free exchange of existing share certificates for new share certificates . . . . .	Monday, 21 January

Dates or deadlines specified in this Prospectus are indicative only and may be varied by agreement between Easyknit Enterprises and the Underwriter. Any consequential changes to the expected timetable will be published or notified to Shareholders as and when appropriate.

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## EXPECTED TIMETABLE

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*Note:* 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 but no longer in force after 12:00 noon on the latest date for acceptance of, and payment for, the Rights Shares and for application and payment for excess Rights Shares. 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; or
- (2) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of, and payment for, the Rights Shares and for application and payment for excess Rights Shares. 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 on the Acceptance Time, the dates mentioned above may be affected. The Company will notify Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

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## DEFINITIONS

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

“Acceptance Time”	4:00 p.m. on Monday, 7 January 2013 (or such other time or date as the Underwriter may agree in writing with Easyknit Enterprises as the latest date for acceptance of, and payment of, Rights Shares)
“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Adjusted Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of Easyknit Enterprises after the Capital Reorganisation became effective
“Announcement”	the announcement of the Company dated 11 October 2012 in relation to, among other things, the Capital Reorganisation, the change in board lot size and the Rights Issue
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of Easyknit Enterprises
“Business Day”	a day (other than a Saturday, Sunday or public holiday or a day on 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
“Bye-laws”	the bye-laws of Easyknit Enterprises from time to time
“Capital Increase”	the increase of authorised share capital of Easyknit Enterprises from HK\$10,000,000 divided into 1,000,000,000 shares of par value HK\$0.01 each to HK\$200,000,000 divided into 20,000,000,000 Adjusted Shares of par value HK\$0.01 each

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## DEFINITIONS

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“Capital Reduction”	the (i) reduction of the issued share capital of Easyknit Enterprises by the cancellation of the paid-up capital of Easyknit Enterprises to the extent of HK\$0.19 on each of the then issued Consolidated Shares in the share capital of Easyknit Enterprises such that the par value of each issued Consolidated Share will be reduced from HK\$0.20 to HK\$0.01 (the “Issued Capital Reduction”); (ii) reduction of the authorised share capital of Easyknit Enterprises by reducing the par value of all Consolidated Shares in the authorised share capital of the Easyknit Enterprises from HK\$0.20 each to HK\$0.01 each resulting in the reduction of the authorised share capital of Easyknit Enterprises from HK\$200,000,000 divided into 1,000,000,000 Consolidated Shares to HK\$10,000,000 divided into 1,000,000,000 ordinary shares of par value HK\$0.01 each; and (iii) the credit amount arising from the Issued Capital Reduction be transferred to the contributed surplus account of Easyknit Enterprises
“Capital Reorganisation”	the capital reorganisation of Easyknit Enterprises involving the Share Consolidation, the Capital Reduction and the Capital Increase duly passed by the Shareholder in the SGM
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	The Companies Act 1981 of Bermuda
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.20 each in the share capital of Easyknit Enterprises immediately after the Share Consolidation became effective but before the Capital Reduction and the Capital Increase
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules

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## DEFINITIONS

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“Director(s)”	the director(s) of Easyknit Enterprises
“EAF(s)”	the excess application form(s) to be issued in connection with the Rights Issue
“Easyknit Enterprises” or the “Company”	Easyknit Enterprises Holdings Limited, an exempt company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange
“Easyknit International”	Easyknit International 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
“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) of Easyknit Enterprises
“Group”	Easyknit Enterprises and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Shareholders”	the Shareholders, other than those who are involved in, or interested in, the Underwriting Agreement and the Undertakings, and who were required to abstain from voting in respect thereto at the SGM pursuant to the Listing Rules
“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) of Easyknit Enterprises

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## DEFINITIONS

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“Last Trading Day”	Thursday, 11 October 2012, being the date of entering into the Underwriting Agreement
“Latest Practicable Date”	14 December 2012, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information for inclusion in this Prospectus
“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 Easyknit Enterprises 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
“PAL(s)”	the provisional allotment letter(s) to be issued in connection with the Rights Issue
“Posting Date”	Wednesday, 19 December 2012, or such other day as may be agreed between Easyknit Enterprises and the Underwriter, being the date of despatch of the Prospectus Documents
“PRC”	The People’s Republic of China
“Pre-Adjusted Share(s)”	ordinary share(s) of par value HK\$0.01 each in the share capital of Easyknit Enterprises before the implementation of the Capital Reorganisation
“Prospectus”	this prospectus issued by Easyknit Enterprises in relation to the Rights Issue

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## DEFINITIONS

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“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 Easyknit Enterprises at the close of business on the Record Date
“Record Date”	Monday, 17 December 2012, the date by reference to which entitlements to the Rights Issue are determined
“Registrar”	Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the issue of the Rights Shares by way of rights to the Qualifying Shareholders for subscription on the terms to be set out in the Prospectus Documents and summarised herein
“Rights Share(s)”	286,071,250 Adjusted Shares to be offered to the Qualifying Shareholders for subscription on the basis of five (5) Rights Shares for every one (1) Adjusted Share held at the Record Date pursuant to Rights Issue
“Settlement Date”	Friday, 11 January 2013, being the fourth Business Day following the Acceptance Time or such later date as Easyknit Enterprises and the Underwriter may agree
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting of Easyknit Enterprises convened and held on Monday, 10 December 2012 to consider and approve, among other things, the Capital Reorganisation and the Rights Issue
“Share Consolidation”	the consolidation of every twenty (20) issued and unissued Pre-Adjusted Shares of par value HK\$0.01 each in the share capital of Easyknit Enterprises into one (1) Consolidated Share of par value HK\$0.20

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## DEFINITIONS

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“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	Pre-Adjusted Share(s), Consolidated Share(s) or Adjusted Share(s), as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.40 per Rights Share
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers
“Undertakings”	the conditional irrevocable undertakings dated 11 October 2012 from Landmark Profits and Goodco to Easyknit Enterprises and the Underwriter as described in the section headed “Undertakings from Landmark and Goodco” in this Prospectus
“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 11 October 2012 entered into between Easyknit Enterprises and the Underwriter in relation to the underwriting and certain other arrangements in respect of the Rights Issue
“Underwritten Shares”	136,652,250 Rights Shares, being 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
“%”	percentage

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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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 Easyknit Enterprises at any time prior to 4:00 p.m. on the Settlement Date if there occurs:

- (a) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
- (b) 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 currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; or
- (c) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out;

and in the absolute opinion of the Underwriter, such change would have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue.

If, at or prior to 4:00 p.m. on the Settlement Date:

- (i) Easyknit Enterprises commits any material breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement which breach or omission will have a material and adverse effect on its business, financial or trading position; or

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (ii) the Underwriter receives notification pursuant to the Underwriting Agreement or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its absolute opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or
  
- (iii) Easyknit Enterprises shall, after any matter or event referred to in the relevant clauses of the Underwriting Agreement has occurred or comes to the Underwriter's attention fail promptly to send out any announcements or circulars (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents), as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of Easyknit Enterprises, the Underwriter shall be entitled (but not bound) by notice in writing issued by the Underwriter to Easyknit Enterprises to elect to treat such matter or event as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement.

**Upon the giving of notice of termination, all obligations of the Underwriter under the Underwriting Agreement shall cease and neither it nor Easyknit Enterprises 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 Easyknit Enterprises shall remain liable to pay to the Underwriter the fees and expenses (other than the underwriting commission) payable by Easyknit Enterprises pursuant to the Underwriting Agreement. 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

19 December 2012

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

Dear Sir or Madam,

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

#### **INTRODUCTION**

Reference is made to the Announcement and the circular of the Company dated 15 November 2012 relating to the Capital Reorganisation and the Rights Issue.

On 11 October 2012, the Company announced, inter alia, that the Board proposed to raise approximately HK\$114.43 million, before expenses, by way of the Rights Issue. Pursuant to the Rights Issue, the Company allot and issue 286,071,250 Rights Shares at the Subscription Price (i.e. HK\$0.40 per Rights Share), on the basis of five (5) Rights Shares

\* For identification only

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## LETTER FROM THE BOARD

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for every one (1) Adjusted Share held on the Record Date. The estimated net proceeds of the Rights Issue will be approximately HK\$113.03 million. The Board intends to apply the entire net proceeds for the possible acquisition of the Target Property, details of which are set out in the section headed “Reasons for the Rights Issue and the use of proceeds” in this Prospectus.

As at the SGM held on Monday, 10 December 2012, the necessary resolutions approving, among other things, the Capital Reorganisation and the Rights Issue, were duly passed by the Shareholders or the Independent Shareholders (as the case may be) by way of poll. The Capital Reorganisation became effective at 9:00 a.m. on Tuesday, 11 December 2012.

The purpose of this Prospectus is to provide you with, among other things, further details about the Rights Issue.

### RIGHTS ISSUE

#### Terms of Issue statistics

Basis of the Rights Issue	:	Five (5) Rights Shares for every one (1) Adjusted Share held on the Record Date
Subscription Price	:	HK\$0.40 per Rights Share
Number of Adjusted Shares after the Capital Reorganisation became effective and as at the Latest Practicable Date	:	57,214,250 Adjusted Shares
Number of Rights Shares	:	286,071,250 Rights Shares
Aggregate nominal value of Rights Shares	:	HK\$2,860,712.50
Fund raised before expenses	:	HK\$114,428,500
Underwriter	:	Kingston Securities Limited

The number of Rights Shares to be issued pursuant to the Rights Issue represents five (5) times the issued share capital of Easyknit Enterprises after the Capital Reorganisation and 83.33% of enlarged issued share capital of Easyknit Enterprises immediately following the Capital Reorganisation coming into effect and the completion of the Rights Issue.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, Easyknit Enterprises does not have any options outstanding under any share option scheme of Easyknit Enterprises 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 five (5) Rights Shares for every one (1) Adjusted Share in issue and held on the Record Date at the Subscription Price.

### **Subscription Price**

The Subscription Price is HK\$0.40 per Rights Share, payable in full upon acceptance under the PAL(s) and on application under the EAF(s).

The Subscription Price represents:

- (i) a discount of approximately 75.61% to the adjusted closing price of HK\$1.64 per Adjusted Share, based on the closing price of HK\$0.082 per Pre-Adjusted Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (ii) a discount of approximately 75.31% to the adjusted average closing price of approximately HK\$1.620 per Adjusted Share, based on the average closing price of approximately HK\$0.0810 per Pre-Adjusted Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (iii) a discount of approximately 34.07% to the theoretical ex-rights price of approximately HK\$0.6067 per Adjusted Share after the Rights Issue, based on the closing price of HK\$0.082 per Pre-Adjusted Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation and the Rights Issue; and
- (iv) a discount of approximately 35.48% to the closing price of HK\$0.62 per Adjusted Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the scale of the Rights Issue, the market price of the Shares and the prevailing market conditions. As the Rights Shares are issued to all Qualifying Shareholders, the Directors consider that the discount of the Subscription

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## LETTER FROM THE BOARD

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Price would encourage the Qualifying Shareholders to participate in the Rights Issue and accordingly maintain their pro-rata shareholding in the Company and participate in the future growth of the Group. In view of the prevailing market conditions of the capital market in Hong Kong and the benefits of the Rights Issue, the Directors consider that the terms of the Rights Issue are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The net Subscription Price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares is expected to be approximately HK\$0.395 per Rights Share.

### **Status of the Rights Shares**

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

### **Fractions of Rights Issue**

On the basis of provisional allotment of five (5) Rights Shares for every one (1) Adjusted Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

### **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

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## LETTER FROM THE BOARD

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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.

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

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## LETTER FROM THE BOARD

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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 Monday, 7 January 2013. 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 Monday, 7 January 2013, 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.

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 Thursday, 27 December 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 Wednesday, 16 January 2013.

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## LETTER FROM THE BOARD

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### 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 Monday, 7 January 2013. 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 “**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 Monday, 7 January 2013, or such later date or time as may be agreed between the Company and the Underwriter.

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## LETTER FROM THE BOARD

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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 Wednesday, 16 January 2013.

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.

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 in board lots of 4,000 will commence on Friday, 21 December 2012 and will end on Wednesday, 2 January 2013, 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.

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## LETTER FROM THE BOARD

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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 4,000 Shares, registered in the branch register of members of the Company in Hong Kong, will be subject to the payment of stamp duty and other applicable fees in Hong Kong.

### **Non-Qualifying Shareholders**

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

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, 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. Easyknit Enterprises 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.

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

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to the Qualifying Shareholders by ordinary post at their own risk on or before Wednesday, 16 January 2013. One share certificate will be issued for all the Rights Shares allotted to the applicant. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Wednesday, 16 January 2013 by ordinary post to the applicants at their own risk.

The first day of dealing in the Rights Shares in their fully-paid form is expected to commence on Thursday, 17 January 2013.

### **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.

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## LETTER FROM THE BOARD

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### UNDERWRITING AGREEMENT

Pursuant to the Underwriting Agreement, the Underwriter has agreed to fully underwrite 136,652,250 Underwritten Shares (being all the 286,071,250 Rights Shares under the Rights Issue less the 149,419,000 Rights Shares which will be provisionally allotted to Landmark Profits and Goodco, and which Landmark Profits and Goodco have undertaken to accept).

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Underwriter and its ultimate controlling shareholder are third parties independent of Easyknit Enterprises and connected persons of Easyknit Enterprises. As at the Latest Practicable Date, the Underwriter is interested in 17 Adjusted Shares.

Under the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers for 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 Easyknit Enterprises to exceed 19.9% of the voting rights of Easyknit Enterprises 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 third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with Easyknit Enterprises, any of the Directors or chief executive or substantial shareholders of Easyknit Enterprises or their respective associates; and (2) the public float requirements under Rule 8.08 of the Listing Rules be fulfilled by Easyknit Enterprises upon completion of the Rights Issue.

The Company has been informed by the Underwriter that the Underwriter has already entered into sub-underwriting agreements with sub-underwriters to ensure the fulfillment of its obligations set out in paragraphs (i) and (ii) above. The Underwriter confirms that no subscribers will become a substantial Shareholder immediately upon completion of the Rights Issue.

### Commission

Easyknit Enterprises will pay the Underwriter an underwriting commission of 1.0% of the aggregate subscription price of the Rights Shares underwritten by it. The Directors consider that the underwriting commission accords with market rates.

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## LETTER FROM THE BOARD

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### **Undertakings from Landmark Profits and Goodco**

As at the Latest Practicable Date, Easyknit International, through Landmark Profits and Goodco, are interested in 29,883,800 Adjusted Shares, representing approximately 52.23% of the total issued share capital of Easyknit Enterprises. Pursuant to the Underwriting Agreement, Landmark Profits and Goodco have signed the Undertakings in favour of Easyknit Enterprises and the Underwriter pursuant to which they have conditionally undertaken, inter alia, that the Shares held by them on the date of the Undertakings will remain registered in their name at the close of business on the Record Date and that the Rights Shares to be provisionally allotted to them in respect of those Adjusted Shares (representing 149,419,000 Rights Shares) will be taken up and paid for in full by them. The obligations of Landmark Profits and Goodco under the Undertakings are conditional upon the Underwriting Agreement becoming unconditional in accordance with its terms. If the conditions are not fulfilled, all liabilities of Landmark Profits and Goodco thereunder shall cease and the undertaking shall lapse, and no party shall have any claims against the other for matters referred to in the Undertakings. Landmark Profits and Goodco will not apply for any excess Rights Shares.

### **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 Easyknit Enterprises at any time prior to 4:00 p.m. on the Settlement Date if there occurs:

- (a) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
- (b) 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 currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; or
- (c) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out;

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## LETTER FROM THE BOARD

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and in the absolute opinion of the Underwriter, such change would have a material and adverse effect on the business, financial or trading position or prospects of Group as a whole or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue.

If, at or prior to 4:00 p.m. on the Settlement Date:

- (i) Easyknit Enterprises commits any material breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement which breach or omission will have a material and adverse effect on its business, financial or trading position; or
- (ii) the Underwriter receives notification pursuant to the Underwriting Agreement or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its absolute opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or
- (iii) Easyknit Enterprises shall, after any matter or event referred to in the relevant clauses of the Underwriting Agreement has occurred or comes to the Underwriter's attention fail promptly to send out any announcements or circulars (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents), as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of Easyknit Enterprises, the Underwriter shall be entitled (but not bound) by notice in writing issued by the Underwriter to Easyknit Enterprises to elect to treat such matter or event as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement.

**Upon the giving of notice of termination, all obligations of the Underwriter under the Underwriting Agreement shall cease and neither it nor Easyknit Enterprises 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 Easyknit Enterprises shall remain liable to pay to the Underwriter the fees and expenses (other than the underwriting commission) payable by Easyknit Enterprises pursuant to the Underwriting Agreement. If the Underwriter exercises such right, the Rights Issue will not proceed.**

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## LETTER FROM THE BOARD

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### Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions having been fulfilled and/or waived:

- (i) the passing of resolutions at the SGM to approve the Rights Issue and the Capital Reorganisation;
- (ii) the Capital Reorganisation having become effective;
- (iii) the registration by and filing with the Registrar of Companies in Hong Kong of the Prospectus Documents and the filing of the Prospectus in Bermuda;
- (iv) the posting of copies of the Prospectus Documents to the Qualifying Shareholders on the Posting Date;
- (v) compliance with and performance by Easyknit Enterprises of certain undertakings and obligations under the terms of the Underwriting Agreement;
- (vi) 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 by no later than the first day of their dealings;
- (vii) 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;
- (viii) delivery by Easyknit Enterprises to the Underwriter of the Undertakings by Landmark Profits and Goodco to accept their respective entitlements under the Rights Issue and fulfillment of their respective obligations under the Undertakings; and
- (ix) if required, the Bermuda Monetary Authority granting its consent to the issue of Rights Shares.

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

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## LETTER FROM THE BOARD

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In the event that the conditions (i), (ii) (iii) and (iv) above are not fulfilled and/or waived (other than conditions (i) & (ii) 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 (v), (vi) and (vii) above have not been satisfied/or waived (other than conditions (v) and (vi) above which cannot be waived in whole or part by the Underwriter) on or before 4:00 p.m. on the Settlement Date or such other time as specified therein (whichever is earlier), (or, in each case, such later date as the Underwriter and Easyknit Enterprises 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 Easyknit Enterprises) 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.

As at the Latest Practicable Date, conditions (i) and (ii) have been fulfilled.

### CHANGES IN SHAREHOLDING STRUCTURE

The changes in the shareholding structure of the Company arising from the Rights Issue are as follows:

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Rights Shares are subscribed by the Qualifying Shareholders)		Immediately after completion of the Rights Issue (assuming only Landmark Profits and Goodco take up their entitled Rights Shares) <i>(Note)</i>	
	<i>Number of Adjusted Shares</i>	<i>%</i>	<i>Number of Adjusted Shares</i>	<i>%</i>	<i>Number of Adjusted Shares</i>	<i>%</i>
Landmark Profits	13,094,474	22.89	78,566,844	22.89	78,566,844	22.89
Goodco	16,789,326	29.34	100,735,956	29.34	100,735,956	29.34
Public	27,330,433	47.77	163,982,598	47.77	27,330,433	7.96
Underwriter	17	0.00	102	0.00	136,652,267	39.81
<b>Total</b>	<b>57,214,250</b>	<b>100.00</b>	<b>343,285,500</b>	<b>100.00</b>	<b>343,285,500</b>	<b>100.00</b>

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## LETTER FROM THE BOARD

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*Note:*

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

Under the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers for 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 Easyknit Enterprises to exceed 19.9% of the voting rights of Easyknit Enterprises 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 third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with Easyknit Enterprises, any of the Directors or chief executive or substantial shareholders of Easyknit Enterprises or their respective associates; and (2) the public float requirements under Rule 8.08 of the Listing Rules be fulfilled by Easyknit Enterprises upon completion of the Rights Issue.

The Company has been informed by the Underwriter that the Underwriter has already entered into sub-underwriting agreements with sub-underwriters to ensure the fulfillment of its obligations set out in paragraphs (i) and (ii) above. The Underwriter confirms that no subscribers will become a substantial Shareholder immediately upon completion of the Rights Issue.

### **Reasons for the Rights Issue and the use of proceeds**

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

In May 2012, the Company completed the purchase of a property located at the ground floor of No. 6 Cannon Street, Causeway Bay, Hong Kong (the “**Cannon Property**”) at a consideration of HK\$180,000,000 as mentioned in the Company’s 2011/12 annual report. In addition, with reference to the announcements of the Company dated 18 and 30 April 2012, the Company entered into agreements to purchase respectively one and four out of six units in a composite building located in No. 15 Matheson Street, Causeway Bay, Hong Kong (Collectively, the “**Five Matheson Properties**”). The Company completed the purchase of the Five Matheson Properties at a total consideration of HK\$81,000,000 in May and June 2012. The Group funded the acquisitions of the Cannon Property and the Five Matheson Properties by bank borrowings of HK\$152 million and internal resources of HK\$109 million. The Group continues to seek opportunities to invest in properties with good potential so as to further expand its property investment portfolio.

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## LETTER FROM THE BOARD

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In August 2012, the Company raised net proceeds of approximately HK\$28.4 million by way of rights issue (the “**Previous Rights Issue**”, details of which are set out in the Company’s announcement dated 15 August 2012 and prospectus dated 11 September 2012) for property investments and general working capital in a smaller scale than the Rights Issue in view of the then prevailing market sentiments. As at the time thereof, the Company was in the course of seeking investment opportunities as usual and the Board had no concrete plan in acquiring any properties, nor the below-mentioned Target Property.

In October 2012, the Board began to form a more focused intention to acquire an identified property investment target in Causeway Bay, Hong Kong (the “**Target Property**”). Having considered (i) the acceptance result of the Previous Rights Issue with subscription rate of approximately 160%; (ii) the improving capital market sentiment as reflected by the Hang Seng Index (“**HSI**”), which is commonly used as the indicator for the Hong Kong equity market performance, about the date of entering into the Underwriting Agreement was approaching the 6-month high recorded in the beginning of May 2012 and was also at its record high since the HSI lowest point recorded in June 2012 for the 6-month period preceding the date of the Underwriting Agreement; and (iii) the formation of a more focused intention to acquire the Target Property by the Board as mentioned above, the Board considers it is a good timing and proposed the Rights Issue in a larger scale in order to raise further funding required for the possible acquisition of the Target Property. Since the scale of the Rights Issue of approximately HK\$114.43 million is much larger than the Previous Rights Issue of approximately HK\$29.4 million, the Board considers that a certain degree of discount of the subscription price to the market price is necessary to encourage existing Shareholders to participate in the Rights Issue and the future development of the Group.

As at 31 October 2012, the Group had unaudited cash and cash equivalents of approximately HK\$150 million, of which RMB76 million, which is equivalent to approximately HK\$92 million, is tied up in the PRC as investment capital which is practically not possible to be transferred back to Hong Kong. As mentioned in the prospectus for the Previous Rights Issue dated 11 September 2012, the Company has also been exploring investment opportunities in hotel and service apartment business. Notwithstanding the Company has not identified any specific investment target for those purposes up to the Latest Practicable Date, the Board considers (i) the Hong Kong property market is highly competitive, liquid and fast moving, and hence the Company is required to have ready access to large pools of capital at short notice in order to secure deals; (ii) the latest cash balance of HK\$150 million is large in magnitude but not so in the context of property investment in Hong Kong, not to mention the aforesaid investment capital of RMB76 million tied up in the PRC; (iii) depleting the Company’s cash would lead to insufficient cash resources for further material property acquisitions, particularly in the

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## LETTER FROM THE BOARD

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current market in which bank financing for property acquisition is more stringent than it used to be; and (iv) a considerable cash level is necessary for the general working capital of the Group and the above purposes. As such, the Board is of the view that utilisation of existing cash resources for acquisition of the Target Property is not in the interest of the Company and the Shareholders as a whole and has decided to propose the Rights Issue.

The gross proceeds and the estimated net proceeds of the Rights Issue will be approximately HK\$114.43 million and HK\$113.03 million respectively. The Company intends to apply the entire net proceeds for the possible acquisition of the Target Property. The Board also plans to allocate 50% (i.e. HK\$14.2 million) of the net proceeds raised from the Previous Rights Issue for the acquisition of the Target Property if the investment becomes materialised in the future.

**Shareholders should note that the Board has formed a more focused intention to acquire the Target Property. However, neither definitive agreements nor terms have been entered into up to the Latest Practicable Date. Acquisition of the Target Property may or may not proceed, subject to, among other things, (i) the change in the local property market in the future; (ii) the change in market valuation on the Target Property in the future; and (iii) the reaching of consensus by the Company and the owner of the Target Property. In the event the acquisition of the Target Property does not become materialised, the Board will apply the entire net proceeds to be raised from the Rights Issue on other future property investments.**

Apart from the Rights Issue, the Company has also considered alternative fund raising methods, such as debt financing and placing of new Shares. However, having taking into account the benefits and costs of the alternatives, the Board is of the view that the Rights Issue will allow the Group to strengthen its balance sheet without incurring any interest costs which will be arisen from debt financing. The Board also considers that the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and participate in the future development of the Group should they wish to do so, whereas the existing Shareholders may lose such opportunity in the placing of new Shares.

The Board is aware of the potential dilution effect on the Shareholders' shareholding interests in the Company if they do not subscribe for their pro-rata Rights Shares. Nonetheless, the Board considers that the foregoing should be balanced against by the following factors:

- Independent Shareholders are offered a chance to express their views on the terms of the Rights Issue and the Underwriting Agreement through their votes at the SGM;

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## LETTER FROM THE BOARD

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- Qualifying Shareholders are offered to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical and prevailing market price of the Shares;
- Qualifying Shareholders have the opportunity to realise their nil-paid Rights Shares in the market; and
- those Qualifying Shareholders who choose to accept the Rights Issue in full can maintain their respective existing shareholding interests in the Company after the Rights Issue.

Having considered the above, the Board considers the potential dilution effect on the shareholding interests of the Shareholders, which may only happen when the Qualifying Shareholders do not subscribe for their pro-rata Rights Shares, to be acceptable.

Hence, having considered all the factors above, the Board considers that fund raising through the Rights Issue is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

### FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Save as disclosed below, Easyknit Enterprises has not conducted any other equity 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	(i) Payment of expenses of HK\$3.7 million; (ii) settlement of trade and bills payable of HK\$6.3 million; and (iii) investments in listed securities of HK\$3.6 million

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## LETTER FROM THE BOARD

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Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of proceeds	Actual use of proceeds (approximately)
18 July 2012	Placing of new Shares under general mandate	HK\$12.0 million	(i) Fitting and renovation of properties; (ii) General working capital of the Group	(i) Fitting and renovation of properties of HK\$0.3 million; and (ii) General working capital of the Group of HK\$11.7 million
15 August 2012	Rights issue	HK\$28.4 million	(i) Property investment; (ii) General working capital of the Group	Not utilised yet. If the acquisition of the Target Property becomes materialised, the Board intends to apply HK\$14.2 million as to the acquisition of the Target Property and HK\$14.2 million as to the general working capital of the Group.

### BUSINESS REVIEW OF THE GROUP

During the year, the Group was principally engaged in property investment, garment sourcing and export business, and investment in listed securities.

For the year ended 31 March 2012, the Group recorded a turnover of approximately HK\$286,916,000, representing a decrease of approximately HK\$61,076,000 or 17.6% from approximately HK\$347,992,000 for the year 2011.

Loss attributable to owners of the Company for the year ended 31 March 2012 amounted to approximately HK\$42,730,000 (2011: profit of approximately HK\$65,060,000). The loss was mainly attributable to (i) the loss of approximately HK\$16,677,000 on the fair value change of investments held for trading; and (ii) the impairments of goodwill and intangible asset for approximately HK\$39,313,000 and HK\$19,791,000 respectively.

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## LETTER FROM THE BOARD

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### **Geographical Analysis of Turnover**

During the year, the turnover from the business of garment sourcing and exporting was mainly derived from customers in the USA. Rental income from the investment properties were derived from properties located in Hong Kong and the PRC.

### **Garment Sourcing and Exporting**

For the year ended 31 March 2012, this segment recorded a turnover of approximately HK\$280,918,000 (2011: approximately HK\$342,700,000) representing approximately 18.0% decrease comparing with year 2011. Cost of sales for the year amounted to approximately HK\$256,138,000 (2011: approximately HK\$309,487,000). The loss of approximately HK\$61,799,000 (2011: profit of approximately HK\$3,115,000) was mainly due to the impairment losses recognised on goodwill and intangible asset, the decrease of turnover and an increase in cost of garments and resulted in a fairly low profit margin for exported products.

### **Property Investment**

For the year under review, the aggregate rental generated from the property investments was approximately HK\$5,998,000 (2011: approximately HK\$5,292,000) of which approximately HK\$2,988,000 and HK\$3,010,000 were generated from the properties in Hong Kong and the PRC respectively.

The Group has two blocks of factory premises and four blocks of dormitories with a total gross floor area of approximately 52,624 sq.m. in Huzhou, PRC. In addition, the construction works on a new factory block target to be completed by late 2012.

On 16 February 2012, the Group has entered into a provisional sale and purchase agreement to purchase a property located at the Ground Floor, No. 6 Cannon Street, Causeway Bay, Hong Kong at a consideration of HK\$180,000,000. Such acquisition was completed in May 2012. Details of the acquisition of the property are set out in the Company's announcement dated 16 February 2012.

### **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.

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## LETTER FROM THE BOARD

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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, the Directors believe that the Hong Kong government has sufficient effective policies to curb property market speculation.

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 RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

**The Shares have been dealt in on an ex-rights basis from Wednesday, 12 December 2012. Dealings in the Rights Shares in the nil-paid form will take place from Friday, 21 December 2012 to Wednesday, 2 January 2013 (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 contemplating selling or purchasing Adjusted Shares and/or Rights Shares in their nil-paid form who are in any doubt about their positions are recommended to consult their professional advisers. Any Shareholders or other persons dealing in Adjusted Shares up to the date on which all the conditions to which the Rights Issue is subject 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 Friday, 21 December 2012 to Wednesday, 2 January 2013 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.**

### **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.

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## LETTER FROM THE BOARD

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### 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****Name****Address****Executive Directors**

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**Non-executive Director**

Tse Wing Chiu Ricky

House D6  
Flamingo Garden  
No. 7, Fei Wan Road  
Fei Ngo Shan  
New Territories  
Hong Kong**Independent Non-executive Directors**

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 26 Burnaby Street Hamilton HM 11 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>	Adjusted Shares	<u>HK\$200,000,000.00</u>
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*Issued and fully-paid:*

<u>57,214,250</u>	Adjusted Shares in issue as at the Latest Practicable Date	<u>HK\$572,142.50</u>
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<u>286,071,250</u>	Rights Shares to be issued pursuant to the Rights Issue	<u>HK\$2,860,712.50</u>
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<u>343,285,500</u>	Adjusted Shares in issue immediately following the Rights Issue	<u>HK\$3,432,855.00</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 allotted, issued and fully-paid or credited as fully-paid, 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 on or after the date of allotment 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 (pages 27-90), 2011 (pages 29-90) and 2012 (pages 40-134). The published unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2012 are disclosed in the 2012 interim report of the Company for the six months ended 30 September 2012 (pages 21 to 52). 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 October 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\$173,473,000, 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 October 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 unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 March 2012 as extracted from the prospectus of the Company dated 11 September 2012 (the “**Previous RI Prospectus**”), which was prepared to illustrate the pro forma effect of the rights issue of shares of the Company which was completed on 3 October 2012 (the “**Previous Rights Issue**”), and is adjusted for the effect of the Rights Issue.

<b>Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 March 2012</b>	<b>Estimated net proceeds from the Rights Issue</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets of the Group as adjusted for the Rights Issue</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets as adjusted for the Rights Issue per Share</b>
<i>(Note 1)</i>	<i>(Note 2)</i>		<i>(Note 3)</i>
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$</i>
623,164	113,029	736,193	2.213

*Notes:*

- The amount of unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 March 2012 amounting to HK\$623,164,000 is extracted from the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 March 2012 as set out in Section A of Appendix III to the Previous RI Prospectus.
- The estimated net proceeds from the Rights Issue are based on 286,071,250 Rights Shares of HK\$0.01 each at HK\$0.40 per Rights Share on the basis of five Rights Shares for every one Adjusted Share of the Company held as at the Latest Practicable Date, after deducting the estimated underwriting commission and other related expenses of approximately HK\$1.4 million to be incurred by the Company.

3. The number of Shares used for the calculation of this amount is 332,677,000, representing 46,605,750 Adjusted Shares and 286,071,250 Rights Shares. The number of 46,605,750 Adjusted Shares is calculated based on 550,686,675 Pre-Adjusted Shares in issue as at 31 March 2012 and 381,428,337 rights shares (details as set out in the Previous RI Prospectus) and adjusted for the Capital Reorganisation, which became effective at 9:00 a.m. on 11 December 2012.

As at 31 March 2012, the unaudited pro forma adjusted consolidated net tangible assets as adjusted for the Previous Rights Issue is HK\$0.669 per share (as set out in the Previous RI Prospectus which has not taken into account of the effect of the Capital Reorganisation) which, assuming the Previous Rights Issue and the Capital Reorganisation had completed on 31 March 2012, would have been HK\$13.371 based on 46,605,750 Adjusted Shares. The amount of unaudited pro forma adjusted consolidated net tangible assets of the Group of HK\$623,164,000 does not take into account the proceeds from placements of 212,170,000 Shares subsequent to 31 March 2012 and the number of 46,605,750 Adjusted Shares does not take into account the number of Shares issued pursuant to the placements.

4. No adjustments have been made to reflect any trading results 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**

德勤·關黃陳方會計師行  
香港金鐘道88號  
太古廣場一座35樓

Deloitte Touche Tohmatsu  
35/F One Pacific Place  
88 Queensway  
Hong Kong

**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 286,071,250 rights shares of HK\$0.01 each at HK\$0.40 per rights share on the basis of five rights shares for every one adjusted share 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 19 December 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  
19 December 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)	29,883,800	52.23%
Ms. Koon Ho Yan Candy	Beneficiary of a trust (note ii)	29,883,800	52.23%

*Notes:*

- (i) These Shares were respectively registered in the name of and are beneficially owned by Landmark Profits and Goodco, both are wholly-owned subsidiaries of Easyknit International. Sea Rejoice Limited is interested in approximately 21.95% of the issued share capital of Easyknit International and it is wholly-owned by Ms. Lui Yuk Chu. Magical Profits Limited is interested in approximately 36.74% of the issued share capital of Easyknit International. Magical Profits is wholly-owned by Accumulate More Profits Limited which in turn is 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, is 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>	<b>Note</b>	<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	29,883,800	52.23%
Landmark Profits	<i>i &amp; ii</i>	Beneficial owner	13,094,474	22.89%
Goodco	<i>i &amp; ii</i>	Beneficial owner	16,789,326	29.34%
Easyknit International	<i>i &amp; ii</i>	Interest of controlled corporation	29,883,800	52.23%
Magical Profits Limited	<i>i &amp; iii</i>	Interest of controlled corporation	29,883,800	52.23%
Accumulate More Profits Limited	<i>i</i>	Interest of controlled corporation	29,883,800	52.23%
Hang Seng Bank Trustee International Limited	<i>i &amp; iv</i>	Trustee	29,883,800	52.23%
Hang Seng Bank Limited	<i>iv</i>	Interest of controlled corporation	29,883,800	52.23%
The Hongkong & Shanghai Banking Corporation Limited	<i>iv</i>	Interest of controlled corporation	29,883,800	52.23%
HSBC Asia Holdings BV	<i>iv</i>	Interest of controlled corporation	29,883,800	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	29,883,800	52.23%
HSBC Holdings BV	<i>iv</i>	Interest of controlled corporation	29,883,800	52.23%
HSBC Finance (Netherlands)	<i>iv</i>	Interest of controlled corporation	29,883,800	52.23%
HSBC Holdings plc	<i>iv</i>	Interest of controlled corporation	29,883,800	52.23%
Kingston Securities Limited	<i>v</i>	Other	136,652,267	39.81%
Galaxy Sky Investments Limited	<i>v</i>	Interest of controlled corporation	136,652,267	39.81%
Kingston Capital Asia Limited	<i>v</i>	Interest of controlled corporation	136,652,267	39.81%
Kingston Financial Group Limited	<i>v</i>	Interest of controlled corporation	136,652,267	39.81%
Active Dynamic Limited	<i>v</i>	Interest of controlled corporation	136,652,267	39.81%
Chu Yuet Wah	<i>v</i>	Interest of controlled corporation	136,652,267	39.81%

*Notes:*

- (i) The 29,883,800 Shares related to the same block of Shares in the Company of which 13,094,474 Shares and 16,789,336 Shares are respectively registered in the name of and are beneficially owned by Landmark Profits and Goodco, both are the wholly-owned subsidiaries of Easyknit International. Sea Rejoice Limited is interested in approximately 21.95% of the issued share capital of Easyknit International and it is 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 is wholly-owned by Accumulate More Profits Limited which in turn is 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, is 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, is deemed to be interested in the 29,883,800 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 136,652,267 Shares, 136,652,250 Shares are the Underwritten Shares in respect of the Rights Issue. The Underwriter is interested in the remaining 17 Adjusted 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. EXPENSES**

The estimated expenses in connection with the Rights Issue (including but not limited to the underwriting commission, printing, registration, financial advisory, legal, professional and accounting charges) are approximately HK\$1.4 million and are payable by the Company.

**6. 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.

**7. 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.

**8. MATERIAL CONTRACTS**

The following contracts, not being contracts in the ordinary course of business of the Group, were entered into by the Group within two years immediately preceding the 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 per Share;
- (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 per Share;
- (w) the underwriting agreement dated 15 August 2012 entered into between the Company and Kingston Securities Limited, as the underwriter, to underwrite 381,428,337 right shares of the Company at a subscription price of HK\$0.077 per Share;
- (x) a tenancy agreement dated 12 September 2012 entered into between Easyknit Worldwide 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 3 years at a monthly rental at HK\$208,000; and
- (y) the Underwriting Agreement.

**9. EXPERT AND CONSENT**

The following is the qualification 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 and Address</b>	<b>Qualification</b>
Deloitte Touche Tohmatsu 35th Floor, One Pacific Place, 88 Queensway, Hong Kong	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.

**10. 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.

**11. DOCUMENTS DELIVERED TO THE REGISTRARS OF COMPANIES**

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).

**12. 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 interim report of the Company for the six months ended 30 September 2012;
- (g) 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;
- (h) the circular of the Company dated 15 November 2012 relating to the Capital Reorganisation and the Rights Issue; and
- (i) this Prospectus.