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

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

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EASYKNIT ENTERPRISES HOLDINGS LIMITED

永義實業集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 0616)

**RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES,
ADOPTION OF THE 2012 SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of Easyknit Enterprises Holdings Limited to be held at 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Friday, 29 June 2012 at 9:30 a.m. is set out on pages 24 to 27 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return it to the principal place of business of the Company in Hong Kong at 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

* *For identification only*

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DEFINITIONS

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

“2011 AGM”	annual general meeting of the Company held on 30 August 2011
“2012 AGM”	annual general meeting of the Company to be held at 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Friday, 29 June 2012 at 9:30 a.m., notice of which is set out on pages 24 to 27 of this circular
“2012 Share Option Scheme”	the share option scheme proposed to be approved and adopted by the Shareholders at the 2012 AGM, a summary of the principal terms of which is set out in Appendix III to this circular
“Board”	board of Directors
“Bye-laws”	Bye-laws of the Company
“Company”	Easyknit Enterprises Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Date of Grant”	in respect of an Option, the date on which the Board resolved to make an offer of that Option to the Participant, which date must be a business day
“Director(s)”	director(s) of the Company
“Easyknit International”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange and the controlling Shareholder of the Company, currently holding approximately 72.36% of the Company’s issued share capital

DEFINITIONS

“Grantee”	any Participant who accepts an Offer in accordance with the terms of the 2012 Share Option Scheme, or (where the context so permits) any person who is entitled to any such Option in consequence of the death of the original Grantee, or the legal personal representative of such person
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	28 May 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	an offer for the grant of an Option made in accordance with the 2012 Share Option Scheme
“Option”	an option to subscribe for Shares granted pursuant to the 2012 Share Option Scheme
“Ordinary Shares” or “Share(s)”	ordinary share(s) of par value HK\$0.01 each in the share capital of the Company
“Participants”	all directors (including any executive or non-executive directors) and full time employees of, and any consultants employed on a contract basis by, member of the group and associated companies (within the meaning of the Statements of Standard Accounting Practice issued by the Hong Kong Institute of Certified Public Accountants)
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“%”	per cent.

LETTER FROM THE BOARD



EASYKNIT ENTERPRISES HOLDINGS LIMITED

永義實業集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 0616)

Executive Directors:

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

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Director:

Mr. Tse Wing Chiu Ricky

*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

Independent Non-executive Directors:

Mr. Kan Ka Hon
Mr. Lau Sin Ming
Mr. Foo Tak Ching

30 May 2012

To the Shareholders

Dear Sir or Madam,

**RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE AND
REPURCHASE SHARES,
ADOPTION OF THE 2012 SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to give you notice of the 2012 AGM, and information on matters to be dealt with at the 2012 AGM. These matters relate to: (i) re-election of Directors who are due to retire at the 2012 AGM; (ii) grant of a general mandate to issue Shares; (iii) grant of a general mandate to repurchase Shares; and (iv) proposed adoption of the 2012 Share Option Scheme.

* *For identification only*

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTORS

In accordance with Bye-law 99, Mr. Kwong Jimmy Cheung Tim and Mr. Kan Ka Hon will retire from office by rotation at the 2012 AGM and being eligible, have offered themselves for re-election.

Mr. Kan Ka Hon, being an independent non-executive Director eligible for re-election at the 2012 AGM, has provided an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that Mr. Kan has met the independence guideline set out in Rule 3.13 of the Listing Rules and is independent in accordance with the terms of those guidelines.

Any Shareholder who wishes to nominate a person to stand for election as a Director at the 2012 AGM must lodge with the Company at its head office at 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong or at its Hong Kong branch share registrar and transfer office, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong within the period from 31 May 2012 to 6 June 2012 (both days inclusive), (i) his notice of intention to propose such person for election ("nominated candidate"), (ii) a notice executed by the nominated candidate of his willingness to be appointed as Director and (iii) the biographical details of such nominated candidate as required under Rule 13.51(2) of the Listing Rules for publication by the Company.

The resolution in relation to the proposed re-election of the retiring directors will be put forward at the 2012 AGM as separate ordinary resolutions.

Biographical details of the retiring Directors to be re-elected at the 2012 AGM are set out in Appendix I to this circular.

GENERAL MANDATE TO ISSUE SHARES

At the 2011 AGM, an ordinary resolution was passed to grant a general mandate to the Directors to issue Shares. This general mandate will lapse at the conclusion of the 2012 AGM. At the 2012 AGM, an ordinary resolution will be proposed that the Directors be given a general and unconditional mandate to allot, issue and deal with additional Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of the resolution ("Issue Mandate"). On the basis that no further Shares are issued or repurchased by the Company after the Latest Practicable Date and subject to the passing of the resolution for the Issue Mandate at the 2012 AGM, the Company will be allowed to allot, issue and deal with a maximum of

LETTER FROM THE BOARD

110,137,335 Shares, the aggregate nominal amount of which equals to HK\$1,101,373.35. In addition, if the resolution to authorise the repurchase of Shares is passed, an ordinary resolution will be proposed at the 2012 AGM to authorise the Directors to allot and issue further Shares up to an amount equal to the aggregate nominal amount of the Shares purchased under the authority to repurchase.

GENERAL MANDATE TO REPURCHASE SHARES

At the 2011 AGM, an ordinary resolution was passed to grant a general mandate to the Directors to repurchase Shares. This general mandate will lapse at the conclusion of the 2012 AGM. At the 2012 AGM, an ordinary resolution will be proposed that the Directors be given a general and unconditional mandate to exercise all powers of the Company to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of the resolution (“Repurchase Mandate”). The Company’s authority is restricted to purchases made on the Stock Exchange and otherwise in accordance with the Listing Rules.

The Directors have no present intention to repurchase any Shares.

The Repurchase Mandate and the Issue Mandate, if passed, would continue in force until the conclusion of the next annual general meeting of the Company or until the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable law to be held or until revoked, renewed or varied by an ordinary resolution of the Shareholders in general meeting prior to the next annual general meeting, whichever occurs first.

An explanatory statement, as required by the Listing Rules to be sent to the Shareholders in connection with the Repurchase Mandate, is set out in Appendix II to this circular. The explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision as to whether to vote for or against the ordinary resolution to approve the Repurchase Mandate at the 2012 AGM.

ANNUAL GENERAL MEETING

Notice of the 2012 AGM is set out on pages 24 to 27 of this circular. Proxy form for use at the 2012 AGM is enclosed. Whether or not you are able to attend the meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return it to the Company’s principal place of business in Hong Kong at 7th

LETTER FROM THE BOARD

Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the 2012 AGM or any adjournment thereof should you so wish. In the event that a Shareholder having lodged a proxy form attends the 2012 AGM, his proxy form will be deemed to have been revoked.

PROPOSED ADOPTION OF THE 2012 SHARE OPTION SCHEME

The Company's 2002 Share Option Scheme will expire on 22 June 2012 and as at the Latest Practicable Date, no option was granted under the 2002 Share Option Scheme. The total number of Ordinary Shares in the Company available for grant of Options under the 2002 Share Option Scheme is 55,068,667 Ordinary Shares.

The Board has passed a conditional resolution to early terminate the 2002 Share Option Scheme subject to the passing of an ordinary resolution for adoption of the 2012 Share Option Scheme at the 2012 AGM.

The reason for early termination of the 2002 Share Option Scheme and, the purpose of the proposed adoption of the 2012 Share Option Scheme is to enable the Company to continue to grant Options to the Participants as incentive or reward for their contribution to the continuous growth and success of the Group and its associated companies as a whole and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the Participants without the need to transact the adoption of a new option scheme in a separate special general meeting of the Company.

The terms of the 2012 Share Option Scheme provide that in granting Options under the 2012 Share Option Scheme, the Board may offer to grant any Options subject to such terms and conditions in relation to the minimum period of the Options to be held, and/or any minimum performance targets under the 2012 Share Option Scheme which must be achieved before the Options can be exercised, and/or any other terms as the Board may determine in its absolute discretion. The Board will also determine the subscription price in respect of any Option, which must be at least the higher of (i) the closing price of the Ordinary Shares as stated in the Stock Exchange's daily quotations sheet on the Date of Grant; (ii) the average closing price of the Ordinary Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the Date of Grant; and (iii) the nominal value of an Ordinary Share on the Date of Grant. A summary of the principal terms of the proposed 2012 Share Option Scheme is set out in Appendix III to this circular. Copy of the full text of 2012 Share Option Scheme will be available for inspection at the principal place of business of the Company at 7/F, Hong

LETTER FROM THE BOARD

Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong during normal office hours on any weekday, Monday to Friday, except public holidays from the date of this circular up to and including 28 June 2012 and at the 2012 AGM.

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the 2012 Share Option Scheme as if they had been granted at the Latest Practicable Date.

The Directors believe that any statement regarding the value of the Options as at the Latest Practicable Date will not be meaningful to the Shareholders, taking into account the number of variables which are crucial for the calculation of the value of the Options which have not been determined. Such variables include the subscription price, option period, any lock-up period, and other relevant variables.

The 2012 Share Option Scheme is conditional upon:

- (a) the Directors passing an ordinary resolution to terminate the existing 2002 Share Option Scheme of which a conditional resolution was passed on 15 May 2012;
- (b) the passing of an ordinary resolution by the Shareholders to approve and adopt the 2012 Share Option Scheme in the 2012 AGM and to authorize the Directors to grant Options under the 2012 Share Option Scheme and to allot and issue Ordinary Shares pursuant to the exercise of any Options; and
- (c) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, such number of Ordinary Shares to be issued by the Company pursuant to the exercise of the Options which may be granted under the 2012 Share Option Scheme.

No Shareholder is required under the Listing Rules to abstain from voting on the ordinary resolution to approve the 2012 Share Option Scheme. Subject to the obtaining of Shareholders' approval with respect to the adoption of the 2012 Share Option Scheme, the total number of Ordinary Shares which may be issued upon exercise of all Options to be granted under the 2012 Share Option Scheme must not, in aggregate, exceed 10% of the issued share capital of the Company as at the Adoption Date of the 2012 Share Option Scheme. The Board shall not grant any Options which would result in the maximum aggregate number of Ordinary Shares which may be issued upon exercise of all outstanding Options granted but yet to be exercised under the 2012 Share Option Scheme and any other share option schemes adopted by the Company which provide for the grant of options to

LETTER FROM THE BOARD

acquire or subscribe for Ordinary Shares exceeding, in aggregate, 30% of the issued share capital of the Company from time to time (“Scheme Limit”). No Options may be granted under any schemes of the Company if this will result in the Scheme Limit being exceeded.

As at the Latest Practicable Date, there were 550,686,675 Ordinary Shares in issue. Assuming no Shares will be issued or repurchased from the Latest Practicable Date to the date of the 2012 AGM on which the 2012 Share Option Scheme is expected to be adopted by the Shareholders, subject to the 2012 Share Option Scheme becoming effective, the Company may grant Options under the 2012 Share Option Scheme and any other share option schemes of the Company in respect of which up to 55,068,667 Ordinary Shares, representing 10% of the Ordinary Shares in issue, may be issued.

Application has been made to the Listing Committee of the Stock Exchange for approval of the listing of, and permission to deal in, the Ordinary Shares which may fall to be issued pursuant to the exercise of any Options that may be granted under the 2012 Share Option Scheme.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at a general meeting must be taken by poll save for purely procedural or administrative matters. The chairman of the 2012 AGM will therefore exercise his power under Bye-law 70 of the Company’s Bye-Law to put each of the resolutions to be proposed at the 2012 AGM to the vote by way of poll.

On a poll, every Shareholder present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by a proxy shall have one vote for each Share registered in his/her name in the register. A Shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same way.

After the conclusion of the 2012 AGM, the poll results will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and of the Company (www.easyknitenterp.com).

RESPONSIBILITY OF THE DIRECTORS

This circular for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rule, 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 circular 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 or this circular misleading.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the re-election of Directors, the granting of the Issue Mandate and the Repurchase Mandate and the adoptions of the 2012 Share Option Scheme are in the best interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders vote in favour of all the relevant resolutions to be proposed at the 2012 AGM.

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

APPENDIX I BIOGRAPHICAL DETAILS OF RETIRING DIRECTORS

The following are the particulars of the Directors standing for re-election at the 2012 AGM:

Mr. Kwong Jimmy Cheung Tim (“Mr. Kwong”)

Mr. Kwong, aged 69, is an executive director, chairman, chief executive officer of the Company and a member and chairman of the Executive Committee since 2007. He is also an executive director, president, chief executive officer and authorised representative, and a member and chairman of the Executive Committee of Easyknit International. Mr. Kwong was graduated from The University of Hong Kong in 1965 and was admitted as Barrister-at-Law in the United Kingdom in 1970 and Hong Kong in 1973 respectively. He has over 30 years of experience in the legal field. He serves as director of various subsidiaries of the Company and Easyknit International. Save as disclosed above, Mr. Kwong does not hold any other positions with the Company or any of its subsidiaries and did not hold any other directorship in listed companies in the last three years.

Mr. Kwong is an executive director of the Company since 2003. He was re-elected at the annual general meetings in 2006 and 2009. The total emoluments of Mr. Kwong for the year ended 31 March 2012 amounted to HK\$900,000. Mr. Kwong is entitled to discretionary bonus payments as the Remuneration Committee may determine appropriate. His director’s emoluments are to determined by the Board after recommendation from the Remuneration Committee pursuant to the authority to be sought from the Shareholders at the 2012 AGM by reference to his time commitment and responsibilities, the Company’s performance and the prevailing market conditions.

As at the Latest Practicable Date, Mr. Kwong did not have any interests in the Shares of the Company within the meaning of Part XV of the SFO. He has no relationship with any Directors, senior management or substantial or controlling shareholders of the Company.

Save as disclosed above, there are no other matters concerning Mr. Kwong that need to be brought to the attention of the Shareholders and there is no information to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

Mr. Kan Ka Hon (“Mr. Kan”)

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, a member of 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 over 30 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). Save as disclosed above, Mr. Kan does not hold any other positions with the Company or any of its subsidiaries and did not hold any other directorship in listed companies in the last three years.

Mr. Kan is an independent non-executive director of the Company since 25 for a term of 3 years and he was re-elected at the annual general meetings in 2006 and 2009. The directors’ emoluments payable to Mr. Kan are to be fixed at HK\$120,000 per annum, subject to approval by the Board. Mr. Kan is not entitled to any bonus payment (whether fixed or discretionary in nature). His director’s emoluments are to be determined by the Board after recommendation from the Remuneration Committee pursuant to the authority to be sought from the Shareholders at the 2012 AGM by reference to his time commitment and responsibilities, the Company’s performance and the prevailing market conditions.

As at the Latest Practicable Date, Mr. Kan did not have any interests in the Shares of the Company within the meaning of Part XV of the SFO. He has no relationships with any Directors, senior management or substantial or controlling Shareholders of the Company.

Save as disclosed above, there are no other matters concerning Mr. Kan that needs to be brought to the attention of the Shareholders and there is no information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.

APPENDIX II EXPLANATORY STATEMENT FOR REPURCHASE MANDATE

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide all the information in relation to the Repurchase Mandate for the Shareholders' consideration.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 550,686,675 Shares.

On the basis that no further Shares are issued or repurchased by the Company prior to the 2012 AGM and resolution numbered 6(B) as set out in the notice of the 2012 AGM is duly passed, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 55,068,667 Shares during the period in which the Repurchase Mandate remains in force.

2. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to seek the Repurchase Mandate which enables the Directors to repurchase Shares on the Stock Exchange and otherwise in accordance with the Listing Rules. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association, Bye-laws, the Listing Rules and the applicable laws of Bermuda. Under Bermuda law, any repurchases will be made out of funds of the Company legally permitted to be utilised in this connection, including capital paid up on the Shares to be repurchased, funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose; and in the case of premiums payable on repurchase, out of the funds of the Company which would otherwise be available for dividend or distribution or sums standing to the share premium account of the Company.

There might be a material adverse impact on the working capital requirements or gearing levels of the Company, as compared with the position disclosed in the latest published audited accounts as at 31 March 2012, in the event that the Repurchase Mandate was to be exercised in full at any time during the proposed purchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels that in the opinion of the Directors are from time to time appropriate for the Company.

4. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with its Bye-laws, the Listing Rules and the applicable laws of Bermuda.

5. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors, to the best of their knowledge having made all reasonable enquiries, nor their associates (as defined in the Listing Rules) have any present intention to sell Shares to the Company or its subsidiaries under the Repurchase Mandate if such is approved by the Shareholders.

No connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

6. TAKEOVERS CODE

As at the Latest Practicable Date, Landmark Profits Limited ("Landmark") and Goodco Development Limited ("Goodco") held 174,592,987 Shares, 223,857,684 Shares respectively, representing approximately 31.70% and 40.66% of the issued share capital of the Company respectively. Landmark and Goodco were wholly-owned subsidiaries of Easyknit International. Sea Rejoice Limited was interested in approximately 21.95% of the issued share capital of Easyknit International and it was wholly-owned by Ms. Lui Yuk Chu. Magical Profits Limited ("Magical") was interested in approximately 36.74% of the issued share capital of Easyknit International. Magical was wholly-owned by Accumulate More Profits Limited ("Accumulate") which in turn was wholly-owned by Hang Seng Bank Trustee

International Limited (“Hang Seng Bank Trustee”) as trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members other than her spouse). Hang Seng Bank Trustee was a wholly-owned subsidiary of Hang Seng Bank Limited (“Hang Seng Bank”). Hang Seng Bank was owned as to approximately 62.14% by The Hongkong and Shanghai Banking Corporation Limited (“HSBC”). HSBC was wholly-owned by HSBC Asia Holdings BV (“HSBC Asia BV”) which was a wholly-owned subsidiary of HSBC Asia Holdings (UK) (“HSBC Asia UK”). HSBC Asia UK was wholly-owned by HSBC Holdings BV (“HSBC BV”) which in turn was wholly-owned by HSBC Finance (Netherlands) (“HSBC Finance”). HSBC Finance was a wholly-owned subsidiary of HSBC Holdings plc (“HSBC Holdings”). Easyknit International, Magical, Accumulate, Hang Seng Bank Trustee, Ms. Lui Yuk Chu and her spouse Mr. Koon Wing Yee, Ms. Koon Ho Yan Candy (an executive director of the Company and the daughter of Ms. Lui Yuk Chu, being one of the beneficiaries of The Magical 2000 Trust), Hang Seng Bank, HSBC, HSBC Asia BV, HSBC Asia UK, HSBC BV, HSBC Finance and HSBC Holdings were taken to have an interest under the SFO in the same block of 398,450,671 Shares held by Landmark.

In the event that the Directors exercise in full the power to repurchase Shares under the Repurchase Mandate, then (if the present shareholdings otherwise remained the same) the attributable shareholdings of each of Landmark, Goodco, Easyknit International, Magical, Accumulate, Hang Seng Bank Trustee, Ms. Lui Yuk Chu, Ms. Koon Ho Yan Candy, Mr. Koon Wing Yee, Hang Seng Bank, HSBC, HSBC Asia BV, HSBC Asia UK, HSBC BV, HSBC Finance and HSBC Holdings in the Company would be increased from approximately 72.36% to approximately 80.40% of the issued share capital of the Company immediately after the full exercise of the Repurchase Mandate. In the opinion of the Directors, such increase would not give rise to any obligation to make a mandatory offer under Rule 26 and 32 of the Takeovers Code. The Directors have no present intention to exercise the Repurchase Mandate to such an extent that the aggregate amount of the share capital of the Company in public hands would be less than 25%.

7. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follows:

	PER SHARE	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2011		
June	0.415	0.350
July	0.380	0.355
August	0.390	0.310
September	0.360	0.290
October	0.295	0.290
November	0.300	0.295
December	0.310	0.285
2012		
January	0.580	0.310
February	0.660	0.430
March	0.630	0.280
April	0.270	0.232
May (up to and including the Latest Practicable Date)	0.237	0.161

8. SHARE REPURCHASES MADE BY THE COMPANY

During the six months preceding the Latest Practicable Date, no Shares have been repurchased by the Company (whether on the Stock Exchange or otherwise).

The following is a summary of the principal terms of the 2012 Share Option Scheme:

1. The purpose of the 2012 Share Option Scheme is to provide the Participants who will be granted Options under the 2012 Share Option Scheme to subscribe for Ordinary Shares with the opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its Ordinary Shares for the benefit of the Company and its Shareholders as a whole.
2. All directors (including any executive and non-executive directors), full-time employees and consultants of the Group (which, in the context of this summary of the principal terms of the 2012 Share Option Scheme, includes the associated companies of the Company) are eligible to participate in the 2012 Share Option Scheme.
3. The number of Shares which may be issued upon exercise of all Options to be granted under the 2012 Share Option Scheme or any other share option scheme adopted by the Company shall not in aggregate exceed 10% of the Ordinary Shares in issue on the date of approval by the Shareholders of the 2012 Share Option Scheme. (As at the Latest Practicable Date, such 10% limit represented 55,068,667 Ordinary Shares.) Options which have lapsed in accordance with the terms of the 2012 Share Option Scheme will not be counted in calculating the 10% limit. However, the Company may “refresh” this 10% limit with Shareholders’ approval with the issue of an appropriate circular to Shareholders provided that each such renewal may not exceed the 10% of the Ordinary Shares in issue as at the date of the Shareholders’ approval. Options previously granted under the 2012 Share Option Scheme and other share option schemes (including those outstanding, cancelled, lapsed in accordance with its terms or exercised), shall not be counted for the purpose of calculating the limit as “refreshed”. The Company may seek separate approval by Shareholders in general meeting, with the issue of an appropriate circular to Shareholder, for granting Options beyond the 10% limit provided the Options in excess of the limit are granted only to the Participants specifically identified by the Company before such approval is sought. The total number of Ordinary Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the 2012 Share Option Scheme or any other share option scheme adopted by the Company must not exceed 30% of the Shares in issue from time to time. No Options may be granted under the 2012 Share Option Scheme or any other share option scheme adopted by the Company if it will result in the 30% limit being exceeded.

4. Unless approved by Shareholders in the manner set out in this paragraph below, the total number of Ordinary Shares issued and to be issued upon exercise of the Options granted and to be granted to each Participant or Grantee (as the case may be) (including both exercised and unexercised Options) under the 2012 Share Option Scheme or any other share option scheme adopted by the Company in any 12 month period must not exceed 1% of the Ordinary Shares in issue. Any further grant of Options which would result in the number of Ordinary Shares issued and to be issued upon exercise of the Options granted and to be granted in the 12 month period up to and including the date of such further grant exceeding the said 1% limit shall be subject to prior Shareholders' approval with the relevant Participant or Grantee (as the case may be) and his associates (such term shall have the meaning ascribed to the definition of "associate" under rule 1.01 of the Listing Rules in relation to any director, chief executive or substantial shareholder (being an individual)) abstaining from voting. A circular must be sent to the Shareholders disclosing the identity of such Participant or Grantee (as the case may be) and the number and terms of the Options granted and to be granted.

5.
 - (a) The period within which the Options must be exercised will be specified by the Company at the time of making an offer of the grant of an Option. This period must expire no later than 10 years from the relevant Date of Grant;

 - (b) In the event a Grantee ceases to be a Participant for any reason other than (i) his or her death or (ii) on one or more of the grounds of termination of employment or upon the occurrence of any other events specified in paragraph 13(f) below, the Option shall lapse on the date of cessation of such employment and not be exercisable unless the Board otherwise determines in which event the Option shall be exercisable to the extent and within such period as the Board may determine. The date of cessation of employment shall be the last actual working day on which the Grantee was physically at work with the relevant member of the Group, whether salary is paid in lieu of notice or not;

 - (c) In the event the Grantee (who is not a consultant) dies before exercising the Option in full and none of the events for termination of employment under paragraph 13(f)(i) below then exists with respect to such Grantee, the personal representative(s) of the Grantee shall be entitled within a period of 12 months from the date of death to exercise the Option up to the entitlement of such Grantee as at the date of death;

- (d) If a general offer by way of takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph 5(e) below) is made to all the holders of Ordinary Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith give notice thereof to the Grantee and the Grantee shall be entitled to exercise the Option either to its full extent or to the extent notified by the Company pursuant to paragraph 5(h) at any time within such period as shall be notified by the Company;
- (e) If a general offer for Ordinary Shares by way of scheme of arrangement is made to all the holders of Ordinary Shares and has been approved by the necessary number of holders of Ordinary Shares at the requisite meetings, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent notified by the Company pursuant to paragraph 5(h);
- (f) In the event a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent notified by the Company pursuant to paragraph 5(h), and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of fully paid Ordinary Shares which fall to be issued on exercise of such Option;
- (g) In the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 5(e) above, between the Company and its members and/or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a scheme and the Grantee may at any time thereafter but before such time as shall be notified by the Company exercise the Option either to its full extent or to the extent

notified by the Company pursuant to paragraph 5(h), and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Ordinary Shares which fall to be issued on exercise of such Option; and

- (h) Upon the occurrence of any of the events referred to in paragraphs 5(d), (e), (f) and (g) above, the Company may in its discretion notwithstanding the terms of the relevant Option at the same time as giving the notice provided under each of those paragraphs, also give notice to a Grantee that his or her Option may be exercised at any time within such period as shall be notified by the Company and/or to the extent (not being less than the extent to which it could then be exercised in accordance with its terms) notified by the Company, notwithstanding that the period of the Option has not come into effect. If the Company gives such notice, the balance of the Option shall lapse.
6. Each grant of Options to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates (as such term is defined in rule 1.01 of the Listing Rules) shall be subject to the prior approval of the independent non-executive Directors of the Company (excluding any independent non-executive Director who is a proposed grantee of the Option). Where any grant of Options to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates (as such term is defined in rule 1.01 of the Listing Rules), would result in the Ordinary Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12 month period up to and including the date of such grant:
- (a) representing in aggregate over 0.1% (or such other percentage as may from time to time be specified by the Stock Exchange) of the Ordinary Shares in issue; and
 - (b) having an aggregate value, based on the closing price of the Ordinary Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant, in excess of HK\$5 million (or such other amount as may from time to time be specified by the Stock Exchange),

such grant of Options shall be subject to prior approval by the Shareholders (voting by way of poll). All connected persons (as defined in the Listing Rules) of the Company shall abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

7. At the time of grant of the Options, the Company must specify the minimum period(s), if any, for which an Option must be held before it can be exercised in whole or in part.
8. At the time of the grant of the Options, the Company must specify the minimum performance target(s), if any, which must be achieved before the Options can be exercised in whole or in part.
9. The amount payable on acceptance of an Option is HK\$1.
10. The subscription price for the Ordinary Shares the subject of the Options shall be no less than the higher of (i) the closing price of the Ordinary Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant; (ii) the average closing price of the Ordinary Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Stock Exchange business days immediately preceding the Date of Grant; and (iii) the nominal value of an Ordinary Share on the Date of Grant. The subscription price will be established by the Board at the time the Option is offered to the Participant.
11. The Ordinary Shares to be allotted and issued upon the exercise of an Option shall be subject to all the provisions of the M&A for the time being in force and will rank *pari passu* with the fully paid Ordinary Shares in issue on the date the name of the Grantee is registered on the register of members of the Company. Prior to the Grantee being registered on the register of members of the Company, the Grantee shall not have any voting rights, or rights to participate in any dividends or distributions of any rights arising on a liquidation of the Company, in respect of the Shares to be issued upon the exercise of the Option.
12. No Options may be granted under the 2012 Share Option Scheme after the date of the 10th anniversary of the Adoption Date of the 2012 Share Option Scheme.

13. An Option shall lapse automatically and not be exercisable, to the extent not already exercised on the earliest of:
- (a) the expiry of the Option Period;
 - (b) the expiry of the period for exercising the Option as referred to in paragraphs 5(b), (c), (d), (f) or (g) above;
 - (c) subject to the scheme of arrangement (referred to in paragraph 5(e) above) becoming effective, the expiry of the period for exercising the Option as referred to in paragraph 5(e) above;
 - (d) subject to paragraph 5(f) above, the date of commencement of the winding up of the Company;
 - (e) the date on which the Grantee sells, transfers, charges, mortgages, encumbers or creates any interest in favour of any other person, over or in relation to any Option in breach of the 2012 Share Option Scheme;
 - (f) the date on which the Grantee ceases to be a Participant by reason of (i) the termination of his or her employment on the grounds that he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily, or (ii) the expiration or termination of his or her contract for employment as consultant whether in accordance with its terms, by agreement between the parties thereto, due to the default of any parties thereto or otherwise; and
 - (g) subject to paragraph 5(b), the date the Grantee ceases to be a Participant by any other reason (including, without limitation, the death of a Grantee who is a consultant).
14. In the event of any capitalisation of profits or reserves, rights issue, subdivision or consolidation of Ordinary Shares, or reduction of the share capital of the Company whilst any Option remains exercisable, the auditors of the Company or an independent financial adviser engaged by the Company for such purpose shall certify what adjustment is required to the subscription price or the number of Ordinary Shares to be issued on exercise of the Options or the number or nominal amount

of Ordinary Shares subject to the Option so far as unexercised provided that any such adjustments give the Participant the same proportion of the equity capital of the Company as that Participant was previously entitled to, but no such adjustments may be made to the extent that a share would be issued at less than its nominal value. An issue of Shares as consideration in a transaction shall not be regarded as a circumstance requiring adjustment.

15. Any Options granted but not exercised may be cancelled if the Grantee so agrees and new Options may be granted to the Participant provided such new Options fall within the limits specified in paragraph 3 above and are otherwise granted in accordance with the terms of the 2012 Share Option Scheme with available unissued Options (excluding the cancelled Options).
16. The Ordinary Shares issued on exercise of the Options will on issue be identical to the then existing issued Ordinary Shares of the Company.
17. The Company by ordinary resolution of Shareholders, or the Board may at any time terminate the operation of the 2012 Share Option Scheme and in such event no further Options will be offered or granted. Any Options granted and remain unexpired shall continue to be exercisable in accordance with their terms of issue after the termination of the 2012 Share Option Scheme.
18. The Options granted are personal to the Grantees and are not transferable or assignable.
19. Those specific provisions of the 2012 Share Option Scheme which relate to the matters set out in rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants, and no changes to the authority of the Directors or administrator of the 2012 Share Option Scheme in relation to any alteration of the terms shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the 2012 Share Option Scheme, or any change to the terms of Options granted, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the 2012 Share Option Scheme.

NOTICE OF ANNUAL GENERAL MEETING



EASYKNIT ENTERPRISES HOLDINGS LIMITED

永義實業集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 0616)

NOTICE IS HEREBY GIVEN that an Annual General Meeting (“AGM”) of Easyknit Enterprises Holdings Limited (“Company”) will be held at 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Friday, 29 June 2012 at 9:30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:

1. To receive, consider and adopt the audited consolidated financial statements and the reports of the directors and auditor for the year ended 31 March 2012.
2. To consider and approve the re-election of Mr. Kwong Jimmy Cheung Tim as an executive director.
3. To consider and approve the re-election of Mr. Kan Ka Hon as an independent non-executive director with a term of 3 years.
4. To authorise the board of directors of the Company to fix the fees of all directors for the year ending 31 March 2013.
5. To re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company and to authorise the board of directors to fix their remuneration.
6. As special business, to consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

* *For identification only*

NOTICE OF ANNUAL GENERAL MEETING

ORDINARY RESOLUTIONS

(A) “THAT:

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements or options which would or might require the exercise of such powers, subject to and in accordance with all applicable laws and the Bye-laws of the Company (“Bye-laws”), be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements or options which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraphs (a) and (b) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined), (ii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws or (iii) the exercise of any option granted under the share option scheme of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable law to be held; or

NOTICE OF ANNUAL GENERAL MEETING

- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares of the Company open for a period fixed by the directors of the Company to holders of shares of the Company on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

(B) **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase its own shares, subject to and in accordance with all applicable laws and regulations, the Bye-laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution and the said approval shall be limited accordingly; and
- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws or any applicable law to be held; or

NOTICE OF ANNUAL GENERAL MEETING

- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
- (C) “**THAT**, subject to the passing of resolutions numbered 6(A) and numbered 6(B) above, the authority granted to the directors of the Company pursuant to resolution numbered 6(A) above be and is hereby extended by the addition to the aggregate nominal amount of share capital which may be allotted or agreed conditionally or unconditionally to be allotted pursuant to such authority an amount representing the aggregate nominal amount of shares repurchased by the Company under the authority granted pursuant to resolution numbered 6(B), provided that such extended amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of this resolution.”
7. “**THAT** conditional upon the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, the shares in the capital of the Company which may fall to be issued pursuant to the share option scheme, as defined and summarised in the circular dated 30 May 2012 of the Company (a copy of which is produced to the meeting marked “A” and signed by the Chairman of this meeting for the purpose of identification) (the “2012 Share Option Scheme”), the 2012 Share Option Scheme be and is hereby approved and adopted by the Company and the directors of the Company be and are hereby authorized to grant options and to allot, issue and deal with the shares pursuant to the exercise of any option granted thereunder and to take such steps and do such acts and to enter into such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the 2012 Share Option Scheme”.

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

Hong Kong, 30 May 2012

NOTICE OF ANNUAL GENERAL MEETING

Notes:

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