

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.

**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 licensed securities dealer, registered institution 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 to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



**EASYKNIT ENTERPRISES HOLDINGS LIMITED**

**永義實業集團有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 0616)**

**MAJOR TRANSACTION**

**ACQUISITION OF PROPERTIES**

---

\* *for identification only*

---

## CONTENTS

---

	<i>Page</i>
<b>DEFINITIONS</b> .....	1
 <b>LETTER FROM THE BOARD</b>	
1. Introduction .....	3
2. Principal Terms of Provisional Agreements .....	4
3. Reasons for and Benefits of the Acquisitions .....	8
4. Financial Effects of the Acquisitions .....	9
5. Written Shareholders' Approval .....	9
6. Information on the Company and the Purchaser .....	10
7. Additional Information .....	10
 <b>APPENDIX I — FINANCIAL INFORMATION OF THE GROUP</b> .....	 11
 <b>APPENDIX II — UNAUDITED FINANCIAL INFORMATION                   OF THE PROPERTIES</b> .....	  13
 <b>APPENDIX III — UNAUDITED PRO FORMA STATEMENT                   OF ASSETS AND LIABILITIES OF THE GROUP</b> .....	  16
 <b>APPENDIX IV — PROPERTY VALUATION REPORT</b> .....	 22
 <b>APPENDIX V — GENERAL INFORMATION</b> .....	 28

---

## DEFINITIONS

---

*In this circular, unless the contents otherwise requires, the following expressions have the meanings as set out below.*

“Acquisitions”	the acquisitions of the Properties by the Purchaser
“Announcement”	the joint announcement dated 30 April 2012 issued by the Company and Easyknit International in relation to the Acquisitions
“CC Property”	the 4/F of No. 15 Matheson Street, Causeway Bay, Hong Kong, with a saleable area of approximately 753 square feet
“CC Provisional Agreement”	the provisional sale and purchase agreement for the sale and purchase of the CC Property, entered into between the Purchaser and Chan Kwai Sang and Chan Wai Ching Ivy
“Chan Property”	the 3/F of No. 15 Matheson Street, Causeway Bay, Hong Kong, with a saleable area of approximately 753 square feet
“Chan Provisional Agreement”	the provisional sale and purchase agreement for the sale and purchase of the Chan Property, entered into between the Purchaser and Chan Sun Sang Tony
“Company”	Easyknit Enterprises Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	the 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 Stock Exchange
“EI Director(s)”	the director(s) of Easyknit International
“EI Shareholders”	holders of the shares of Easyknit International
“Fung Property”	the 2/F of No. 15 Matheson Street, Causeway Bay, Hong Kong, with a saleable area of approximately 753 square feet
“Fung Provisional Agreement”	the provisional sale and purchase agreement for the sale and purchase of the Fung Property, entered into between the Purchaser and Fung Yuet Ho

---

## DEFINITIONS

---

“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”	21 June 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lee Property”	the 5/F of No. 15 Matheson Street, Causeway Bay, Hong Kong, with a saleable area of approximately 753 square feet
“Lee Provisional Agreement”	the provisional sale and purchase agreement for the sale and purchase of the Lee Property, entered into between the Purchaser and Lee Ho Yee and Chan Wai Pong
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	the meaning ascribed thereto in Chapter 14 of the Listing Rules
“Properties”	the Fung Property, Chan Property, CC Property and Lee Property
“Provisional Agreements”	the Fung Provisional Agreement, the Chan Provisional Agreement, the CC Provisional Agreement and the Lee Provisional Agreement
“Purchaser”	Main Lucky Enterprises Limited, a company incorporated in Hong Kong which is an indirect wholly-owned subsidiary of the Company
“Shareholders”	holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor(s)”	Fung Yuet Ho; Chan Sun Sang Tony; Chan Kwai Sang and Chan Wai Ching Ivy; and Lee Ho Yee and Chan Wai Pong
“1/F Property”	the 1/F of No. 15 Matheson Street, Causeway Bay, Hong Kong
“%”	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 and Chief Executive Officer)*  
Ms. Lui Yuk Chu  
*(Vice President)*  
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*

Unit A, 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

25 June 2012

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION  
ACQUISITION OF PROPERTIES**

**INTRODUCTION**

On 30 April 2012, the board of Directors announced that 4 Provisional Agreements were entered into between an indirect wholly-owned subsidiary of the Company as purchaser with the Vendors during the period from 27 April 2012 to 30 April 2012, pursuant to which, amongst other things, the Purchaser agreed to acquire, and the Vendors agreed to sell, the Properties for a total consideration of HK\$62,000,000.

\* *for identification only*

---

## LETTER FROM THE BOARD

---

The purpose of this circular is to provide you with details regarding the Acquisitions.

### **SUBJECT OF THE ACQUISITIONS**

The Acquisitions are related to the Properties which are situated at 2/F to 5/F, No. 15 Matheson Road, Causeway Bay, Hong Kong with a total saleable area of approximately 3,012 sq.ft.

The Properties will be sold to the Purchaser free from encumbrances (other than 1 building order registered against the Properties, which requires remedial works to be effected). That building order dated 2 September 2011 was issued by the Building Authority to all the co-owners of the subject building. The Building Authority was of the opinion that the sewers of the said building was in a defective condition and orders the co-owners to repair or renew the chocked and defected underground, common sewers and manholes at the rear land of No. 7 and 9 Matheson Street, Hong Kong by 1 October 2011.

Easyknit Enterprises has confirmed with the Building Authority that the remedial works to that building order was carried out by the Building Authority and were completed in November 2011. The cost of the remedial works was approximately HK\$60,000 and Easyknit Enterprises has agreed to settle upon the receipt of the demand note from the Building Authority. The Directors confirmed that such cost is immaterial to Easyknit Enterprises.

### **PRINCIPAL TERMS OF THE PROVISIONAL AGREEMENTS**

#### **(A) Fung Provisional Agreement**

Date: 27 April 2012, after trading hours

Parties: (a) The Vendor: FUNG Yuet Ho  
(b) The Purchaser: Main Lucky Enterprises Limited

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, the Vendor is a third party independent of the Company.

The Purchaser and Fung Yuet Ho entered into a formal agreement for the acquisition of the Fung Property on 11 May 2012.

---

## LETTER FROM THE BOARD

---

### Assets to be Acquired

Pursuant to the terms of the Fung Provisional Agreement, the Purchaser will acquire the Fung Property from Fung Yuet Ho at a consideration of HK\$16,800,000. An initial deposit of HK\$1,000,000 was paid by the Purchaser upon signing of the Fung Provisional Agreement and a further deposit of HK\$2,360,000 was paid by the Purchaser on the execution of the formal agreement on 11 May 2012. The balance of the consideration for the Fung Property, being HK\$13,440,000 was paid on 9 June 2012 upon for the completion of sale.

The Property is currently leased by the Vendor to a tenant, which is a third party independent of the Company, for its leasing at a monthly rental of HK\$19,500 (inclusive of management fees and government rates) for 2 years commencing 1 July 2011 to 30 June 2013.

Based on information available to the Company and Appendix II to this circular, the rental income which the Company estimates would have been generated from the Fung Property before and after tax is as follows:

	For the year ended 31 March	
	2012	2011
	HK\$	HK\$
Before tax	225,084	198,336
After tax	191,509	168,773

### (B) Chan Provisional Agreement

Date: 30 April 2012

Parties: (a) The Vendor: CHAN Sun Sang Tony  
(b) The Purchaser: Main Lucky Enterprises Limited

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor is a third party independent of the Company.

---

## LETTER FROM THE BOARD

---

The Purchaser and Chan Sun Sang Tony entered into a formal agreement for the acquisition of the Chan Property on 4 May 2012.

### **Assets to be Acquired**

Pursuant to the terms of the Chan Provisional Agreement, the Purchaser will acquire the Chan Property from Chan Sun Sang Tony at a consideration of HK\$16,700,000. An initial deposit of HK\$1,000,000 was paid by the Purchaser upon signing of the Chan Provisional Agreement and a further deposit of HK\$2,340,000 was paid by the Purchaser on the execution of the formal agreement on 4 May 2012. The balance of the consideration for the Chan Property, being HK\$13,360,000 was paid on 9 June 2012 for the completion of sale.

The above Vendor is licensed to occupy the premises free of rental for 4 months after the date of completion of sale on 9 June 2012. During this period, the above Vendor is responsible for the payment of management fees (if any) and government rates. The Chan Property will be delivered with vacant possession or on before 7 October 2012 and thereafter, the Company will continue to lease the Chan Property for residential purpose.

### **(C) CC Provisional Agreement**

Date: 30 April 2012

Parties: (a) The Vendor: Tenant in common  
CHAN Kwai Sang and CHAN Wai Ching Ivy  
(b) The Purchaser: Main Lucky Enterprises Limited

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor is a third party independent of the Company.

The Purchaser and the above Vendor entered into a formal agreement for the acquisition of the CC Property on 4 May 2012.

### **Assets to be Acquired**

Pursuant to the terms of the CC Provisional Agreement, the Purchaser will acquire the CC Property from the Vendor at a consideration of HK\$14,500,000. An initial deposit of HK\$1,000,000 was paid by the Purchaser upon signing of the CC Provisional Agreement and a further deposit of HK\$1,900,000 was paid by the Purchaser on the execution of the formal agreement on 4 May 2012. The balance of the consideration for the CC Property, being HK\$11,600,000 was paid on 9 June 2012 for the completion of sale.

---

## LETTER FROM THE BOARD

---

The above Vendor is licensed to occupy the premises free of rental for 4 months after the date of completion of sale on 9 June 2012. During this period, the above Vendor is responsible for the payment of management fees (if any) and government rates. The CC Property will be delivered with vacant possession or on before 7 October 2012 and thereafter, the Company will continue to lease the CC Property for residential purpose.

**(D) Lee Provisional Agreement**

Date: 30 April 2012

Parties: (a) The Vendor: Tenant in common  
LEE Ho Yee and CHAN Wai Pong  
(b) The Purchaser: Main Lucky Enterprises Limited

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor is a third party independent of the Company.

The Purchaser and the above Vendor entered into a formal agreement for the acquisition of the Lee Property on 4 May 2012.

**Assets to be Acquired**

Pursuant to the terms of the Lee Provisional Agreement, the Purchaser will acquire the Lee Property from the Vendor at a consideration of HK\$14,000,000. An initial deposit of HK\$1,000,000 was paid by the Purchaser upon signing the Lee Provisional Agreement and a further deposit of HK\$1,800,000 was paid by the Purchaser on the execution of the formal agreement on 4 May 2012. The balance of the consideration for the Lee Property, being HK\$11,200,000 was paid on 9 June 2012 for the completion of sale.

The above Vendor is licensed to occupy the premises free of rental for 4 months after the date of completion of sale on 9 June 2012. During this period, the above Vendor is responsible for the payment of management fees (if any) and government rates. The Lee Property will be delivered with vacant possession or on before 7 October 2012 and thereafter, the Company will continue to lease the Lee Property for residential purpose.

---

## LETTER FROM THE BOARD

---

Prior to the acquisition of the Properties, the Purchaser acquired the 1/F Property on 18 April 2012. In aggregate, the total consideration is HK\$81,000,000. Details on the 18 April 2012 transaction are set out in the joint announcement of Company and Easyknit International dated 18 April 2012. As at the Latest Practicable Date, the aforesaid 5 properties has been completed the sale and purchase and the Purchaser becomes the owners of 5 units out of 6 units and these 5 units constitute 5/6th (83.333%) of the building which has exceeded 50 years of age. The Company has the rights to apply to the Lands Tribunal for a compulsory sale order under Land (Compulsory Sale for Redevelopment) Ordinance Cap. 545 but the Company has no actual plan or intention to apply for the compulsory sale for redevelopment at the present time.

The consideration of HK\$62,000,000 for the Properties was arrived at after arm's length negotiations between the Purchaser and the respective Vendor and determined after taking into account the relevant factors including market value of comparable properties, location of the Properties and the impact of the building order as described above. In particular, the Company has taken into consideration the potential benefits of owning the aforesaid 5 units may bring to its leasing strategy in terms of flexibility and synergy. Prior to making the offer to the Vendors, the Purchaser took into account both the existing value of the Properties for HK\$36,090,000 (ie existing state and use of the Properties which does not reflect the future development potential) and the bare site value of HK\$57,136,000. With reference to the purchase prices in the recent properties transaction records in the Properties' location, the Company noted that the purchase prices are in the trend of bare site value and therefore in the opinion of the Directors, the bare site value of the properties reflects the existing market conditions, the real market value and the future development potential of the Properties. Despite having no present intention, the Purchaser has considered the possibility of exploring redevelopment in the future subject to market conditions, the Company's ability to acquire the remaining unit and the availability of the Company's financial resources.

The paid consideration is slightly higher than the bare site figures in the aforesaid properties valuation because the Company has considered and believed that the successful in the acquisitions of the Properties will enhance the flexibility of the Company in its future leasing strategy and with synergy effect.

### REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Directors consider the Acquisitions is an opportunity for the Group to expand its property investment portfolio and increase the income stream of the Group. The Directors also considers that the Properties have potential for capital appreciation.

---

## **LETTER FROM THE BOARD**

---

The Properties will be used for investment purposes. As at the Latest Practicable Date, the Company has no plans for the construction or development of the Properties, or any plans to dispose or change the use of the Properties. The Company intends to continue to lease the Properties for residential or commercial purpose.

The Directors, including the independent non-executive Directors, are of the view that the terms of the Provisional Agreements are fair and reasonable, on normal commercial terms and in the interests of the Shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of the resolution approving the Acquisitions if a physical general meeting were to be convened.

### **FINANCIAL EFFECTS OF THE ACQUISITIONS**

#### **Earnings**

The Fung Property is subject to a tenancy agreement which will expire on 30 June 2013. The Fung Property will derive rental income from the tenant and therefore the Acquisitions will have positive effects on the earnings of the Group.

#### **Assets and Liabilities**

Upon the completion on the sale of Properties, the effect of the Acquisitions is that the investment properties held by the Group will increase; cash reserve will decrease as it will be applied towards settlement of the consideration and direct expenses for the Acquisitions; and trade and other payables will increase due to the transfer of the rental deposits relating to the Fung Property to the Group. The Group will fund the Acquisitions using internal resources and/or external borrowings.

### **WRITTEN SHAREHOLDERS' APPROVAL**

As the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the Acquisitions are more than 25% but less than 100%, the Acquisitions constitute, in aggregate, a major transaction for the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisitions or is required to abstain from voting on the resolution approving the Acquisitions, should the Acquisitions be put forward to the Shareholders for approval at a general meeting of the Company. Pursuant to Rule 14.44 of the Listing Rules, in lieu of a resolution to

---

## LETTER FROM THE BOARD

---

be passed at a general meeting of the Company, written approvals of the Acquisitions have been obtained from Landmark Profits Limited and Goodco Development Limited, the substantial Shareholders of the Company with an aggregate interest in 398,450,671 Shares, representing approximately 72.36% of the issued share capital of the Company as at the date of this circular. Landmark Profits Limited and Goodco Development Limited are interested in 174,592,987 Shares and 223,857,684 Shares respectively, representing approximately 31.70% and 40.66% of the issued share capital of the Company. Landmark Profits Limited and Goodco Development Limited are wholly-owned subsidiaries of Easyknit International.

### INFORMATION ON THE COMPANY AND PURCHASER

The Group is engaged in sourcing and exporting of garments, property investments and investment in securities.

The Purchaser, Main Lucky Enterprises Limited, is an investment holding company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company.

### ADDITIONAL INFORMATION

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

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

**1. FINANCIAL SUMMARY OF THE GROUP**

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

**2. WORKING CAPITAL**

The Directors are of the opinion that, after taking into account the expected completion of the Acquisitions and the present available financial resources and unencumbered assets of the Group, its expected internally generated funds and the present available banking facilities of the Group, the Group will have sufficient working capital for its present requirements and for the period up to 12 months from the date of this circular in the absence of unforeseen circumstances.

**3. INDEBTEDNESS**

At the close of business on 30 April 2012, being the latest practicable date for ascertaining this information prior to the printing of this circular, the Group had no outstanding borrowings. Its available banking facilities were guaranteed by the Company.

Apart from as disclosed above and intra-group liabilities, the Group did not have at the close of business on 30 April 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.

Since the period from 1 May 2012 to the Latest Practicable Date, the Company has entered into 3 mortgage loan agreements with banks and obtained a total amount of loans for HK\$174,000,000.

**4. MATERIAL 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.

**5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

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

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

In terms of prospects, the Board intends to continue maintaining its property portfolio for investment purpose and will continue to look for other opportunities to maximize 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.

---

**APPENDIX II                      UNAUDITED FINANCIAL INFORMATION OF THE PROPERTIES**

---

**1.      PROFIT AND LOSS STATEMENT OF THE FUNG PROPERTY**

In accordance with Rule 14.67(6)(b)(i) of the Listing Rules, a profit and loss statement of the Fung Property for the three financial years ended 31 March 2012 (“Relevant Financial Years”) is required to be included in the circular. The Company was provided with copies of the tenancy agreements (“Tenancy Agreements”) for the Fung Property which cover the Relevant Financial Years. Other than such Tenancy Agreements, despite requests made by the Company’s legal advisers in this transaction, the Company is unable to gain full access to the underlying books and records or other financial information of the vendor regarding the direct costs and other expenses for the preparation of the financial information of the Fung Property for the Relevant Financial Years in strict compliance with the requirement of Rule 14.67(6)(b)(i) of the Listing Rules. The Company has therefore apply to the Stock Exchange for a waiver from strict compliance with Rule 14.67(6)(b)(i) of the Listing Rules, such that the following information be disclosed instead. The financial information of the Fung Property for each of the Relevant Financial Years set out below has been prepared by the Directors solely based on the Tenancy Agreements provided by the Vendor. Accordingly, it may not give a true picture of the performance of the Property during the Relevant Financial Years.

	<b>For the year ended 31 March</b>		
	<b>2012</b>	<b>2011</b>	<b>2010</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>Fung Property</b>			
Rental income (before expenses)	225,084	198,336	198,336

*Notes:*

- The rental income of Fung Property for the Relevant Financial Years is derived from the following Tenancy Agreements.

	<b>Tenancy A</b>	<b>Tenancy B</b>
Tenancy Period:	1 July 2008 — 30 June 2011	1 July 2011 — 30 June 2013
Monthly rental:	HK\$17,500	HK\$19,500
Rent free period:	2 months	n/a
Effective monthly rental:	HK\$16,528	n/a

- Based on the Tenancy Agreements, gas, water, telephone and electricity charges (where stated) were borne by the respective tenants of the Properties. For the 3 years ended 31 March 2012, (a) the total government rates levied on the Fung Property which was borne by the landlord was approximately HK\$1,248 annually; (b) no management fees have to be paid.

---

## APPENDIX II                      UNAUDITED FINANCIAL INFORMATION OF THE PROPERTIES

---

3. The total stamp duties paid in respect of the Tenancy Agreements were borne by the landlords and tenants in equal shares. For the 3 financial years ended 31 March 2012, the total stamp duties on the Tenancy Agreements in respect of Fung Property were HK\$585 and were borne by the landlord. Based on the statutory tax rate of Hong Kong, the total property tax paid and payable by the landlord for the 3 years ended 31 March 2012 in respect of the Tenancy Agreements is estimated to be approximately HK\$29,500, HK\$29,500 and HK\$33,500 respectively.
4. Save for the Tenancy Agreements and other publicly available information, the Directors do not have access to other financial information in relation to the Properties. Due to the limited information available to them, the Directors are unable to ascertain the amount of any other expenses (if any) in relation to the Properties. Accordingly, no other expenses such as finance costs were included in the above financial information.
5. The financial information of the Properties set out above is prepared using accounting policies which are materially consistent with those of the Group.
6. The following procedures have been undertaken by Deloitte Touche Tohmatsu (“Deloitte”), the auditor of the Company, in accordance with the Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed Upon Procedures Regarding Financial Information” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), with respect to a rental income summary.

Deloitte:

- i. obtained from the management of the Company a rental income summary (the “Rental Income Summary”) and checked arithmetical accuracy; and
- ii. compared the particulars of the tenants’ names, tenancy periods and monthly rental amounts (the “Particulars”) as shown in the Rental Income Summary to the relevant tenancy agreements provided by the management of the Company.

Deloitte’s findings are:

- a. With respect to procedure i, Deloitte found that the Rental Income Summary was arithmetically accurate; and
- b. With respect to procedure ii, Deloitte found that the Particulars as shown in the Rental Income Summary were in agreement with those contained in the relevant tenancy agreements provided by the management of the Company.

Because the above procedures do not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, Hong Kong Standards on Assurance Engagements, or Hong Kong Standards on Investment Circular Reporting Engagements issued by the HKICPA, Deloitte does not express any assurance on the Rental Income Summary.

Had Deloitte performed additional procedures or had Deloitte performed an assurance engagement on the Rental Income Summary in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements, Hong Kong Standards on Assurance Engagements, or Hong Kong Standards on Investment Circular Reporting Engagements issued by the HKICPA, other matters might have come to Deloitte’s attention that would have been reported to the Company.

---

**APPENDIX II            UNAUDITED FINANCIAL INFORMATION OF THE PROPERTIES**

---

**VALUATION OF THE PROPERTY**

No valuation of the Properties at the end of the three years ended 31 March 2012 has been disclosed herein as the Directors were unable to obtain any valuation reports from the Vendors.

---

**APPENDIX III****UNAUDITED PRO FORMA STATEMENT  
OF ASSETS AND LIABILITIES OF THE GROUP**

---

**A. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF  
THE GROUP**

The following is an illustrative and unaudited pro forma statement of assets and liabilities of the Group which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Acquisitions as if the Acquisitions had taken place on 31 March 2012.

This unaudited pro forma statement of assets and liabilities of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Acquisitions been completed as at 31 March 2012 or at any future date.

**APPENDIX III**
**UNAUDITED PRO FORMA STATEMENT  
OF ASSETS AND LIABILITIES OF THE GROUP**

	<b>The Group at 31 March 2012</b>	<b>Pro forma adjustments</b>		<b>Pro forma total for the Group</b>
	<i>HK\$'000 (Audited) Note 1</i>	<i>HK\$'000 Note 2</i>	<i>HK\$'000 Note 3</i>	<i>HK\$'000 (Unaudited)</i>
<b>Non-current assets</b>				
Property, plant and equipment	10,726	—	—	10,726
Investment properties	343,157	62,000	—	405,157
Deposits paid for acquisition of an investment property	18,000	—	—	18,000
	<u>371,883</u>	<u>62,000</u>	<u>—</u>	<u>433,883</u>
<b>Current assets</b>				
Trade and other receivables	25,789	—	—	25,789
Investments held for trading	58,987	—	—	58,987
Bank balances and cash	205,477	(70,065)	39	135,451
	<u>290,253</u>	<u>(70,065)</u>	<u>39</u>	<u>220,227</u>
<b>Current liabilities</b>				
Trade and other payables	24,710	—	39	24,749
Bills payable	3,687	—	—	3,687
Tax payable	12,615	—	—	12,615
	<u>41,012</u>	<u>—</u>	<u>39</u>	<u>41,051</u>
<b>Net current assets</b>	<u>249,241</u>	<u>(70,065)</u>	<u>—</u>	<u>179,176</u>
<b>Total assets less current liabilities</b>	<u>621,124</u>	<u>(8,065)</u>	<u>—</u>	<u>613,059</u>
<b>Non-current liabilities</b>				
Deferred tax liabilities	26,360	—	—	26,360
<b>Net assets</b>	<u><u>594,764</u></u>	<u><u>(8,065)</u></u>	<u><u>—</u></u>	<u><u>586,699</u></u>

---

**APPENDIX III****UNAUDITED PRO FORMA STATEMENT  
OF ASSETS AND LIABILITIES OF THE GROUP**

---

*Notes:*

1. The figures are extracted from the consolidated statement of financial position of the Group as at 31 March 2012, as set out in the published audited annual report of the Company for the year ended 31 March 2012.
2. The adjustment represents the Acquisitions by the Group for an aggregate consideration of HK\$62,000,000 and direct expenses relating to the Acquisitions of approximately HK\$8,065,000 including stamp duty of approximately HK\$2,325,000, commission fee of approximately HK\$5,580,000 (equivalent to 9% of the purchase consideration) and legal and professional fees of approximately HK\$160,000. The Group will settle the consideration and direct expenses by cash.
3. In connection with the Acquisitions, rental deposits of HK\$39,000 will be transferred from the Vendors to the Group, in relation to the existing tenancy agreements of the Properties upon completion of the Acquisitions.
4. No adjustment has 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 ASSETS AND LIABILITIES OF THE GROUP****TO THE DIRECTORS OF EASYKNIT ENTERPRISES HOLDINGS LIMITED**

We report on the unaudited pro forma statement of assets and liabilities 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 acquisition of investment properties located at No. 15 Matheson Street, Causeway Bay, Hong Kong for an aggregate consideration of HK\$62,000,000 might have affected the statement of assets and liabilities presented, for inclusion in Section A of Appendix III to the circular dated 25 June 2012 (the “Circular”). The basis of preparation of the unaudited pro forma statement of assets and liabilities is set out in Section A of Appendix III to the Circular.

**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 assets and liabilities 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 assets and liabilities 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 assets and liabilities 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 assets and liabilities 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 assets and liabilities 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 assets and liabilities as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma statement of assets and liabilities 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 assets and liabilities 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

---

**APPENDIX III****UNAUDITED PRO FORMA STATEMENT  
OF ASSETS AND LIABILITIES OF THE GROUP**

---

- (c) the adjustments are appropriate for the purposes of the unaudited pro forma statement of assets and liabilities as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

25 June 2012

*The following is the text of a letter and valuation certificates prepared for the purpose of incorporation in this circular received from Vigers Appraisal & Consulting Limited, an independent valuer, in connection with their valuation of the property as at 30 April 2012.*

**Vigers Appraisal & Consulting Limited**

*International Asset Appraisal Consultants*

10th Floor, The Grande Building

398 Kwun Tong Road

Kwun Tong

Kowloon



25 June 2012

The Directors

Easyknit Enterprises Holdings Limited

7/F., Hong Kong Spinners Industrial Building, Phase 6

481-483 Cheung Sha Wan Road

Kowloon

Hong Kong

Dear Sirs,

**Re: 2nd to 5th Floors, No. 15 Matheson Street, Causeway Bay, Hong Kong**

In accordance with your instructions for us to value the above property interests to be acquired by Easyknit Enterprises Holdings Limited or its subsidiary (hereinafter together referred to as “the Company”), we confirm that we have inspected the property, conducted land searches at the Land Registry, made relevant enquiries and investigations as well as obtained such further information as we consider necessary for the purpose of providing our opinion of values of the property as at 30 April 2012 (“the Valuation Date”).

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

Our valuations have been prepared in accordance with “The HKIS Valuation Standards on Properties (First Edition 2005)” published by The Hong Kong Institute of Surveyors, the relevant provisions in the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board).

Our valuations have been made on the assumption that the property is sold in the market in their existing state without the effect of deferred term contract, leaseback, joint venture, management agreement or any other similar arrangement which might serve to affect the values of the property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property.

We have valued the property by direct comparison approach with reference to market comparables with due allowances for the differences between the comparables and the property.

We have conducted land searches at the Land Registry but we have not scrutinised the original documents to ascertain ownership nor to verify any lease amendments which may not appear on the copies handed to us. All documents have been used for reference only and all dimensions, measurements and areas are therefore approximations.

We have last inspected the property on 26 April 2012 to the extent for the purpose of these valuations but we have not carried out any structural survey nor have we inspected woodwork or other parts of the structures which were covered, unexposed or inaccessible to us. We are therefore unable to report whether the property is free from any structural or non-structural defect.

We have relied to a considerable extent on the information made available to us and we have accepted advice on such matters as planning approvals, statutory notices, easements, occupancy, tenancy status, tenure, site and floor areas. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company and we have been advised by the Company that no material facts have been omitted from the information provided.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties for any expenses or taxation which might be incurred in effecting a sale. Unless otherwise stated, we have assumed that the property is free from any encumbrances, restrictions and outgoings of an onerous nature which could serve to affect the values of the property.

We enclose herewith our valuation certificates.

Yours faithfully,  
For and on behalf of  
**VIGERS APPRAISAL AND CONSULTING LIMITED**  
**Gilbert K. M. Yuen**  
MRICS MHKIS RPS(GP)  
*Executive Director*

*Note: Mr. Gilbert K. M. Yuen is a Registered Professional Surveyor in General Practice Division with over 20 years' valuation experience on properties in Hong Kong.*

## VALUATION CERTIFICATE

## Property to be acquired for investment by the Group in Hong Kong

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 30 April 2012
2nd to 5th Floor, 15 Matheson Street Causeway Bay, Hong Kong	The property comprises four domestic units of a 6-storey commercial/residential tenement building completed in 1961.	According to the information provided by the Company, the subject units are	The existing use value of the 4 units subject to the existing tenancies — HK\$36,090,000
4/6th parts or shares of and in Section S of Inland Lot No. 730	<p>The saleable area of each of the subject unit is 69.96 sq.m. (753 sq.ft.) approximately.</p> <p>The saleable area of the remaining non-domestic unit on the ground floor is 62.33 sq.m. (671 sq.ft.) plus a yard of 13.94 sq.m. (150 sq.ft.) approximately. The saleable area of the domestic unit on the 1st Floor is 69.96 sq.m. (753 sq.ft.) approximately.</p> <p>The building is erected on a site with an area of 94.85 sq.m. (1,021 sq.ft.)</p> <p>The property is held under a Government Lease for a term of 999 years commencing from 1 September 1881.</p> <p>The Government rate is HK Dollars 439 and Cents 84 for the whole lot of Inland Lot No. 730.</p>	<p>either leased or being owner-occupied, which are summarized in Note 7 below.</p>	<p>The bare site value of the 100% interests with vacant possession — HK\$280,000,000</p> <p>The bare site value attributable to the 4 units — HK\$57,136,000</p>

*Notes:*

- The registered owners of the property are as the followings:
 

2nd Floor, No. 15 Matheson Street	—	Fung Yuet Ho
3rd Floor, No. 15 Matheson Street	—	Chan Sun Sang Tony
4th Floor, No. 15 Matheson Street	—	Chan Kwai Sang (1/2) and Chan Wai Ching Ivy (1/2) (Tenant in Common)
5th Floor, No. 15 Matheson Street	—	Lee Ho Yee (or Yi) Alias Li Kit Lin (Administrator) and Chai Wai Pong (Administrator)
- The property is subject to a Deed of Mutual Covenant and Grant registered vide Memorial No. UB500397 dated 8 July 1965.

3. The property is subject to an Order No. DR00295/HK/11 by the Building Authority under Section 28 (3) of the Building Ordinance registered vide Memorial No. 11101000780073 dated 2 September 2011.

The Order was issued by the Building Authority to all the co-owners of the subject building. The Building Authority is of the opinion that the sewers of the building at No. 15 Matheson Street, Hong Kong is in a defective condition.

In exercise of the power vested in the Building Authority by section 28(3) of the Building Ordinance, that Building Authority orders the co-owners to carry out within a period on 1 October 2011 the following works:—

For common sewers only

- (a) Investigate, clear, repair or renew the choked and defective underground, common sewers(s) and manhole(s) at the rear lane of 7, 9 Matheson Street, Hong Kong.

All the works specified in this Order shall be carried out to such standard acceptable to the Building Authority and in compliance with the regulations.

4. 4th Floor, No. 15 Matheson Street is subject to a Mortgage in favour of Bank of China (Hong Kong) Limited registered vide Memorial No. 06072501210055 dated 26 June 2006.

5. The Government Lease of Inland Lot No. 730 contains no restriction on the use of the property except the following:—

“... the said Lessee, their Executors, Administrators or Assigns, or any other person or persons, shall not nor will, during the continuance of this demise, use, exercise or follow, in or upon the said premises, or any part thereof, the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Tavern-keeper, Blacksmith, Nightman, Scavenger, or any or other noisy, noisome or offensive trade or business whatever, without the previous licence of His Majesty...”.

6. The property is zoned “Commercial” on the Wan Chai Outline Zoning Plan No. S/H5/26 dated 24 September 2010.

7. The occupation and leasing status of the property are as follows:

<b>Premises</b>	<b>Occupation/ Lease Status</b>	<b>Monthly Rent</b>	<b>Remarks</b>
2nd Floor, No. 15 Matheson Street	1 July 2011 — 30 June 2013	HK\$19,500 inclusive of Government rates and management fee	As advised by the Company, the Government rates is HK\$312 per quarter.
3rd Floor, No. 15 Matheson Street	Owner occupied	N/A	The existing owner is licensed to occupy the premises 4 months after the date of completion of sale on 9 June 2012 without rent payment but is responsible for the management fees and government rates for this period.
4th Floor, No. 15 Matheson Street	Owner occupied	N/A	The existing owners are licensed to occupy the premises 4 months after the date of completion of sale on 9 June 2012 without rent payment but are responsible for the management fees and government rates for this period.
5th Floor, No. 15 Matheson Street	Owner occupied	N/A	The existing owners are licensed to occupy the premises 4 months after the date of completion of sale on 9 June 2012 without rent payment but are responsible for the management fees and government rates for this period.

8. In assessing the site value attributable to the 4 units, we have apportioned the 100% site value in accordance with the proportion of the existing value of the property to the total existing value of all the units in the building currently erected on the lot, which is assessed to be HK\$176,860,000. No allowance has been given to the possible costs, which are required for the amalgamation of the 100% shares of the lot either by private negotiation or by the compulsory sale order under Land (Compulsory Sale For Redevelopment) Ordinance Cap 545.

## 1. RESPONSIBILITY STATEMENT

This circular, 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 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 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 interests
Ms. Lui Yuk Chu	Beneficiary of a trust ( <i>note i</i> )	398,450,671	72.36%
Ms. Koon Ho Yan Candy ( <i>note ii</i> )	Beneficiary of a trust	398,450,671	72.36%

*Notes:*

- (i) These Shares were respectively registered in the name of and were beneficially owned by Landmark Profits Limited and Goodco Development Limited, both were wholly-owned subsidiaries of Easyknit International. Sea Rejoice Limited was interested in approximately 21.95% of the issued share capital of Easyknit International and it was wholly owned by Ms. Lui Yuk Chu. Magical Profits Limited was interested in approximately 36.75% of the issued share capital of Easyknit International. Magical Profits was wholly-owned by Accumulate More Profits Limited which in turn was wholly-owned by Hang Seng Bank Trustee International Limited as trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members other than her spouse).
- (ii) Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and an executive director of the Company, was deemed to be interested in the shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.

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

**(b) Director's 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).

**(c) 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 circular and which is significant in relation to the business of the Group.

**(d) 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 interests</b>
Koon Wing Yee	<i>i</i>	Interest of spouse	398,450,671	72.36%
Landmark Profits Limited	<i>i &amp; ii</i>	Beneficial owner	174,592,987	31.70%
Goodco Development Limited	<i>i &amp; ii</i>	Beneficial owner	223,857,684	40.66%
Easyknit International	<i>i &amp; ii</i>	Interest of controlled corporation	398,450,671	72.36%

**APPENDIX V****GENERAL INFORMATION**

<b>Name of Shareholder</b>	<b>Note</b>	<b>Capacity</b>	<b>Number of ordinary Shares held (long position)</b>	<b>Approximate percentage of interests</b>
Magical Profits Limited	<i>i &amp; iii</i>	Interest of controlled corporation	398,450,671	72.36%
Accumulate More Profits Limited	<i>i</i>	Interest of controlled corporation	398,450,671	72.36%
Hang Seng Bank Trustee International Limited	<i>i &amp; iv</i>	Trustee	398,450,671	72.36%
Hang Seng Bank Limited	<i>iv</i>	Interest of controlled corporation	398,450,671	72.36%
The Hongkong & Shanghai Banking Corporation Limited	<i>iv</i>	Interest of controlled corporation	398,450,671	72.36%
HSBC Asia Holdings BV	<i>iv</i>	Interest of controlled corporation	398,450,671	72.36%
HSBC Asia Holdings (UK)	<i>iv</i>	Interest of controlled corporation	398,450,671	72.36%
HSBC Asia Holdings BV	<i>iv</i>	Interest of controlled corporation	398,450,671	72.36%
HSBC Finance (Netherlands)	<i>iv</i>	Interest of controlled corporation	398,450,671	72.36%
HSBC Holdings plc	<i>iv</i>	Interest of controlled corporation	398,450,671	72.36%

*Notes:*

- (i) The 398,450,671 Shares related to the same block of Shares in the Company of which 174,592,987 Shares and 223,857,684 Shares were respectively registered in the name of and were beneficially owned by Landmark Profits Limited and Goodco Development Limited, both are the wholly-owned subsidiaries of Easyknit International. Sea Rejoice Limited was interested in approximately 21.95% of the issued share capital of Easyknit International and it was wholly owned by Ms. Lui Yuk Chu. Magical Profits Limited was interested in approximately 36.74% of the issued share capital of Easyknit International. Magical Profits Limited was wholly-owned by Accumulate More Profits Limited which in turn was wholly-owned by Hang Seng Bank Trustee International Limited as trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members other than her spouse). Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and a director of the Company, was deemed to be interested in the shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust. Mr. Koon Wing Yee, being the spouse of Ms. Lui Yuk Chu, was deemed to be interested in the 398,450,671 Shares by virtue of the SFO.
- (ii) Mr. Kwong Jimmy Cheung Tim and Ms. Lui Yuk Chu, being directors of the Company, are also directors of Landmark Profits Limited, Goodco Development Limited 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). HSBC Asia Holdings (UK) 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.

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. 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.

**5. 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 circular 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, a 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;
- (c) the provisional sale and purchase agreements dated 16 February 2012 entered into between Top Channel Enterprises Limited, a wholly-owned subsidiary of the Company, as purchaser and a vendor 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 provisional sale and purchase agreement dated 18 April 2012 entered into between Main Lucky Enterprises Limited, an indirectly wholly-owned subsidiary of the Company, as purchaser and a vendor 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;
- (e) 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; and
- (f) the Provisional Agreements.

**6. EXPERTS AND CONSENTS**

The following are the qualifications of the experts who have been named in this circular or have given their opinion or advice which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Vigers Appraisal And Consulting Limited	Independent Professional Valuer
Deloitte Touche Tohmatsu	Certified Public Accountants
Altus Capital Limited	Financial Adviser

As at the Latest Practicable Date, each of the above experts 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.

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

## **7. 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 Unit A, 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;
- (d) The English text of this circular prevails over the Chinese text.

**8. 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 Unit A, 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 circular:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the letters of consent referred to in the paragraph headed "Experts and consents" above;
- (c) the material contracts referred to in the paragraph headed "Material Contracts" above;
- (d) the letter from Deloitte Touche Tohmatsu in respect of the unaudited pro forma statement of assets and liabilities of the Group as set out in Appendix III to this circular;
- (e) the property valuation report prepared by Vigers Appraisal And Consulting Limited, the text of which is set out in Appendix IV to this circular;
- (f) the annual reports of the Company for each of the three financial years ended 31 March 2010, 31 March 2011 and 31 March 2012; and
- (g) this circular.