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

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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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Easyknit Enterprises Holdings Limited (永義實業集團有限公司)\*, you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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.

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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)****PROPOSAL FOR REFRESHMENT OF  
GENERAL MANDATE TO ISSUE SHARES  
AND  
NOTICE OF SPECIAL GENERAL MEETING****Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders****大有融資有限公司****MESSIS CAPITAL LIMITED**

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A letter of recommendation from the Independent Board Committee to the Independent Shareholders is set out on page 13 of this circular. A letter of advice from MESSIS Capital Limited to the Independent Board Committee and the Independent Shareholders on the grant of the Issue Mandate is set out on pages 14 to 22 of this circular.

A notice convening the SGM to be held at 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Tuesday, 22 January 2013 at 9:30 a.m. is set out on pages 23 to 25 of this circular. Whether or not you intend to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the form of proxy shall be deemed to be revoked.

\* *for identification purpose only*

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## CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	5
<b>Letter from the Independent Board Committee</b> .....	13
<b>Letter from the Independent Financial Adviser</b> .....	14
<b>Notice of the SGM</b> .....	23

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 29 June 2012
“Announcement”	an announcement of the Company dated 18 July 2012 in respect of the Placing
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company
“Capital Reorganisation”	the capital reorganisation of the Company involving the share consolidation, the capital reduction and capital increase, as detailed in the circular of the Company dated 15 November 2012
“Company”	Easyknit Enterprises Holdings Limited (永義實業集團有限公司), an exempted company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Existing General Mandate”	the general mandate duly approved and granted by the Shareholders at the AGM to the Directors to allot, issue and deal 6,481,566 Shares (or 129,631,335 Old Shares prior to Capital Reorganisation becoming effective 11 December 2012), representing 20% of the issued share capital of the Company as at the date of AGM
“Goodco”	Goodco Development Limited, a company incorporated in the British Virgin Islands with limited liability, being a substantial shareholder (as defined in the Listing Rules) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Independent Board Committee”	an independent committee of the Board comprising all three independent non-executive Directors formed for the purpose of advising the Independent Shareholders on the grant of Issue Mandate
“Independent Financial Adviser” or “Messis”	Messis Capital Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of General Mandate
“Independent Shareholder(s)”	the Shareholder(s) other than the controlling Shareholders and their respective associates or, if there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates
“Independent Third Party(ies)”	third parties independent of and not connected with the Directors, chief executive and substantial Shareholders of the Company or any of its subsidiaries, or any of their respective associates
“Issue Mandate”	the new mandate proposed to be sought at the SGM to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the relevant resolution at the SGM
“Kingston Securities”	Kingston Securities Limited, a licensed corporation to carry out business in Type 1 (dealing in securities) regulated activity under the SFO
“Landmark Profits”	Landmark Profits Limited, a company incorporated in the British Virgin Islands with limited liability, being a substantial shareholder (as defined in the Listing Rules) of the Company
“Latest Practicable Date”	4 January 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“Old Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Capital Reorganisation becoming effective on 11 December 2012
“Placing”	placing of 114,700,000 Old Shares under the Existing General Mandate, details of which are set out in the Announcement
“PRC”	The People’s Republic of China
“Record Date”	Monday, 17 December 2012, as the day by reference to which entitlements to the Rights Issue are determined
“Refreshment of General Mandate”	the proposed refreshment of the Existing General Mandate to the grant of the Issue Mandate
“Rights Issue”	the rights issue on the basis of five Rights Shares for every one Share held on Record Date at HK\$0.40 per Rights Share as disclosed in the Rights Issue Prospectus
“Rights Issue Prospectus”	the prospectus of the Company dated 19 December 2012 in relation to the Rights Issue
“Rights Share(s)”	Share(s) to be issued and allotted under the Rights Issue, being 286,071,250 Shares
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SGM”	the special 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 Tuesday, 22 January 2013 at 9:30 a.m. for the purpose of considering and, if thought fit, approving, the Refreshment of General Mandate
“Share(s)”	the ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares or the Old Shares (where applicable)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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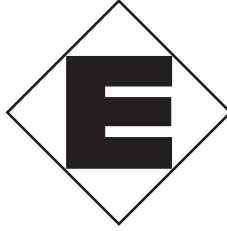
“Target Property”	Ground Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong and is now occupied as a retail shop
“Underwriter”	Kingston Securities, being the underwriter to the Rights Issue
“%”	per cent.

*In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.*

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LETTER FROM THE BOARD

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**EASYKNIT ENTERPRISES HOLDINGS LIMITED**

**永義實業集團有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 0616)**

*Executive Directors:*

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

*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

7 January 2013

*To the Shareholders*

Dear Sir or Madam,

**PROPOSAL FOR REFRESHMENT OF  
GENERAL MANDATE TO ISSUE SHARES  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with (i) further information relating to the Refreshment of General Mandate; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of General Mandate; and (iv) the notice of the SGM to be convened and held for purpose of considering, if thought fit, approving the Refreshment of General Mandate.

\* *for identification purpose only*

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## LETTER FROM THE BOARD

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### REFRESHMENT OF GENERAL MANDATE

#### Background of and reasons for the Refreshment of General Mandate

The Group is principally engaged in property investments, garment sourcing and exporting businesses, and investment in listed securities.

#### *Existing General Mandate*

At the AGM, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to allot, issue and deal with up to 6,481,566 Shares (or 129,631,335 Old Shares prior to the Capital Reorganisation becoming effective on 11 December 2012), representing 20% of the issued share capital of the Company as at the date of the AGM.

During the period from the grant of the Existing General Mandate to the Latest Practicable Date, the Existing General Mandate had been utilised as to 114,700,000 Old Shares, representing 88.5% of the Existing General Mandate. As disclosed in the announcement dated 18 July 2012, the Company had entered into a placing agreement with Kingston Securities, under which Kingston Securities has agreed to place 114,700,000 Old Shares. The aggregate net proceeds raised from the Placing amounted to approximately HK\$12,000,000 and are intended to be utilised by the Group for fitting and renovation of properties and as general working capital. They had been fully deployed as at the Latest Practicable Date.

The Company has not made any refreshment of the Existing General Mandate since the AGM.

#### *The Rights Issue*

In addition, as set out in detail in the Rights Issue Prospectus, the Company has proposed to raise approximately HK\$114.43 million, before expenses, by issuing 286,071,250 Rights Shares to the Qualifying Shareholders (as defined in the Rights Issue Prospectus) by way of the Rights Issue at the subscription price of HK\$0.40 per Rights Share on the basis of five (5) Rights Shares for every one (1) Share held on Record Date. The Rights Issue was approved by the Independent Shareholders at the special general meeting of the Company on 10 December 2012. As 57,214,250 Shares were in issue on the Record Date, 286,071,250 Rights Shares will be issued under the Rights Issue after the Rights Issue becomes unconditional.

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## LETTER FROM THE BOARD

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### *The Target Property*

As mentioned in the Rights Issue Prospectus, the Board began to form a more focused intention to acquire the Target Property in October 2012 and the Board confirmed that the entire net proceeds from the Rights Issue of approximately HK\$113.03 million will be used for the possible acquisition of the Target Property or in the event that acquisition of the Target Property does not materialise, the Board will apply the entire net proceeds on other future property investments.

The Company is the majority owner of a building located at No. 15 Matheson Street, Causeway Bay, Hong Kong, which exceeds 50 years of age. The building comprises 5 units on the first to fifth floors (i.e. approximately 83.33% of the undivided shares of that building) and the Target Property on the ground floor. The Company's purchases of the aforesaid 5 units were completed in June 2012. On 20 December 2012, the Company has, pursuant to section 3(1) of the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545), filed an application to the Lands Tribunal for an order to sell all the undivided shares in that building for the purposes of redevelopment. As at the Latest Practicable Date, neither definitive agreements nor terms have been entered into with the owner of the Target Property. The Directors, having consulted its legal advisers, estimate that the grant of order of sale by the courts and the public auction may require about nine months from the date of application. The timing will depend on, among others, the response time by the owner of the Target Property. The Directors however note that the negotiations with the owner of the Target Property are continuing simultaneously with the aforesaid application, and it is possible that an agreement may be reached before the courts grant an order of sale. In any event, having taken into account the approximately HK\$113.03 million proceeds to be raised from the Rights Issue, the Directors consider that the Company's existing cash reserves remains insufficient for the acquisition of the Target Property. In particular, should an agreement be reached before the grant of order of sale by the courts with the aforesaid owner, the Company would require additional options and flexibility to raise funds in a timely manner. Save for the Target Property, the Company has not identified or is not in negotiation of any investment opportunities (including investment in listed/unlisted equity securities).

### *Available Financial Resources*

As set out in the Rights Issue Prospectus, the Group has unaudited cash and cash equivalent of approximately HK\$150.0 million as at 31 October 2012, of which RMB76.0 million, is equivalent to approximately HK\$92.0 million, is tied up in the PRC as investment capital which is not practical to be transferred back to Hong Kong. Save for the funds to be used for acquisition of the Target Property upon the grant of the order of sale, the Board confirms that the Group will have sufficient working capital for its present requirements for the next twelve months and can fulfill all its financing needs.

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## LETTER FROM THE BOARD

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### *Reasons and benefits of the Refreshment of General Mandate*

The Directors consider that (i) the Refreshment of General Mandate will provide the Group with additional options and flexibility when considering future fund raising activities; (ii) it is necessary to refresh the Existing General Mandate to reflect the actual number of Shares to be allotted subsequent to and as a result of the Rights Issue; and (iii) any granting of specific mandate, which is subject to the approval of the then Independent Shareholders, may cause undue delay if the Group has to carry out its investments, in particular, the acquisition of the Target Property in a timely manner.

Given that equity financing under general mandates (i) does not incur interest obligations on the Group as compared with bank financing; (ii) is less costly and time-consuming than raising funds by way of rights issue or open offer; and (iii) equips the Company with the ability to capture any capital raising or prospective investment opportunities in a timely manner, the Board proposes to refresh the Existing General Mandate for the Directors to allot, issue and deal with Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the SGM. The Board considers that the Refreshment of General Mandate is necessary, fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Subject to the passing of the proposed resolution for the Refreshment of General Mandate by the Independent Shareholders at the SGM by way of poll and on the basis that no Share(s) will be issued or repurchased by the Company prior to the SGM (save as and except for the Rights Shares), the Company will be allowed under the Issue Mandate to issue 68,657,100 Shares.

The Board confirmed that the refreshed Issue Mandate will be utilised for the possible acquisition of the Target Property, or should the acquisition fail to materialise, for acquisition of other properties at the time when the Company has insufficient financial resources to fund such activities in a timely manner.

As at the Latest Practicable Date, the Company has not yet identified and/or concluded any terms for any suitable fund raising opportunities with financial institution(s) and underwriters. The Company would exercise due and careful consideration when choosing the best fund raising method available to the Group and taking into account the then Company's estimated working capital requirement and cash balance.

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## LETTER FROM THE BOARD

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### Fund raising activities in the past twelve months

Date of announcement	Fund raising activities	Net proceeds raised (approximately)	Proposed use of proceeds	Actual use of proceeds (approximately)
30 May 2012	Placing of new shares under a general mandate	HK\$13.6 million	General working capital of the Group	(i) Payment of expenses of HK\$3.7 million;  (ii) settlement of trade and bills payable of HK\$6.3 million; and  (iii) investment in listed securities of HK\$3.6 million
18 July 2012	Placing of new shares under a general mandate	HK\$12.0 million	(i) Fitting and renovation of properties; and  (ii) General working capital of the Group	(i) Fitting and renovation of properties of HK\$0.3 million; and  (ii) general working capital of the Group of HK\$11.7 million
15 August 2012	Rights issue	HK\$28.4 million	(i) HK\$14.2 million for property investment; and  (ii) HK\$14.2 million for general working capital	Not yet utilised and expected to be utilised as intended
11 October 2012	Rights Issue	HK\$113.03 million	For property investment	Not yet utilised and expected to be utilised as intended

Save as the above, the Company had not conducted any other fund raising activity in the past twelve months immediately prior to the Latest Practicable Date.

## LETTER FROM THE BOARD

### Potential dilution to shareholding of the public Shareholders

For illustrative purposes only, the table below sets out the shareholding structure of the Company on the assumption that the Rights Issue is completed.

	As at the Latest Practicable Date		All Qualifying Shareholders (as defined in the Rights Issue Prospectus) take up the Rights Shares		Underwriter is called upon to subscribe in full its portions of the Rights Shares pursuant to its underwriting obligations		Upon full utilization of the Issue Mandate and all Qualifying Shareholders (as defined in the Rights Issue Prospectus) take up all the Rights Shares		Upon full utilization of the Issue Mandate and the Underwriter is called upon to subscribe in full its portions of the Rights Shares pursuant to its underwriting obligations	
	Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%
<b>Substantial Shareholders:</b>										
Landmark										
Profits	13,094,474	22.89	78,566,844	22.89	78,566,844	22.89	78,566,844	19.07	78,566,844	19.07
Goodco	16,789,326	29.34	100,735,956	29.34	100,735,956	29.34	100,735,956	24.45	100,735,956	24.45
<i>Sub-total</i>	<i>29,883,800</i>	<i>52.23</i>	<i>179,302,800</i>	<i>52.23</i>	<i>179,302,800</i>	<i>52.23</i>	<i>179,302,800</i>	<i>43.52</i>	<i>179,302,800</i>	<i>43.52</i>
Kingston										
Securities (note 1)	17	0.00	102	0.00	136,652,267	39.81	–	0.00	136,652,267	33.17
<b>Public:</b>										
Other public										
Shareholders	27,330,433	47.77	163,982,598	47.77	27,330,433	7.96	163,982,700	39.81	27,330,433	6.63
Shares available to be issued under the Issue Mandate	–	–	–	–	–	–	68,657,100	16.67	68,657,100	16.67
<b>Total</b>	<b>57,214,250</b>	<b>100.00</b>	<b>343,285,500</b>	<b>100.00</b>	<b>343,285,500</b>	<b>100.00</b>	<b>411,942,600</b>	<b>100.00</b>	<b>411,942,600</b>	<b>100.00</b>

*Note:*

This scenario is for illustrative purpose only.

1. Under the underwriting agreement entered into between Kingston Securities and the Company dated 11 October 2012, in the event of the Kingston Securities being called upon to subscribe for or procure subscribers for the 136,652,250 underwritten shares:
  - (i) Kingston Securities shall not subscribe, for its own account, for such number of Underwritten Shares which will result in the shareholding of it and parties acting (within the meaning of The Code on Takeovers and Mergers) with it in the Company to exceed 19.9% of the voting rights of the Company upon the completion of Rights Issue; and
  - (ii) Kingston Securities shall endeavour to ensure that (1) each of the subscribers of the underwritten shares procured by it shall be third party independent of, not acting in concert (within the meaning of The Codes on Takeovers and Mergers and Share Repurchases) with and not connected with the Company, any of the Directors or chief executive or substantial shareholders of the Company or their respective associates; and (2) the public float requirements under Rule 8.08 of the Listing Rules be fulfilled by the Company upon the completion of Rights Issue.

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## LETTER FROM THE BOARD

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The scenario above illustrates that (i) the shareholding of the existing public Shareholders would decrease from approximately 47.77% based on the assumption that all the Qualifying Shareholders (as defined in the Rights Issue Prospectus) take up their assured entitlements of Rights Shares to approximately 39.81% upon full utilization of the Issue Mandate (subject to the passing of the proposed resolution for the Refreshment of General Mandate by the Independent Shareholders at the SGM by way of poll and assuming that, other than the Rights Shares, no Shares are issued or repurchased by the Company prior to the date of the SGM), which represents a dilution of approximately 7.96 percent point; and (ii) the shareholding of the existing public Shareholders would decrease from approximately 7.96% based on the assumption that all the Qualifying Shareholders (as defined in the Rights Issue Prospectus) do not take up their assured entitlements of Rights Shares to approximately 6.63% upon full utilization of the Issue Mandate (subject to the passing of the proposed resolution for the Refreshment of General Mandate by the Independent Shareholders at the SGM by way of poll and assuming that, other than the Rights Shares, no Shares are issued or repurchased by the Company prior to the date of the SGM), which represents a dilution of approximately 1.33 percent point. The maximum dilution effect to all the existing Shareholders in all scenarios is 16.67%.

### **General**

As at the Latest Practicable Date, a total of 57,214,250 Shares were in issue and the total number will be increased to 343,285,500 after the completion of the Rights Issue. As ordinary resolution will be proposed for the Independent Shareholders to approve the Refreshment of General Mandate to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM by way of poll at the SGM.

The Independent Board Committee, comprising Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Foo Tak Ching, all being the independent non-executive Directors, has been formed to consider the Refreshment of General Mandate. Messis has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Pursuant to Rule 13.36(4) of the Listing Rules, Landmark Profits, Goodco and their respective associates will abstain from voting on the relevant resolution regarding the Refreshment of General Mandate. Pursuant to Rule 13.39(4) of the Listing Rules, the vote of the Independent Shareholders in respect of the Refreshment of General Mandate at the SGM will be taken by way of poll.

As at the Latest Practicable Date, Landmark Profits and Goodco are interested in 29,883,800 Shares and in the event that the Rights Issue is completed, the total number of Shares held by Landmark Profits and Goodco will increase to 179,302,800 Shares (in case all Qualifying Shareholders (as defined in the Rights Issue Prospectus) take up all the Rights Shares).

### **Recommendation**

Having considered the reasons as set out herein, the Board hereby recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the SGM to approve the Refreshment of General Mandate.

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## LETTER FROM THE BOARD

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Your attention is drawn to the letter from Messis, which contains its advice to the Independent Board Committee and the Independent Shareholders in regards to the Refreshment of General Mandate. The text of the letter from Messis is set out on pages 14 to 22 of this circular.

### SGM

A notice convening the SGM to be held at 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Tuesday, 22 January 2013 at 9:30 a.m. is set out on pages 23 to 25 of this circular.

Regardless of your ability to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

### Period during which the Issue Mandate will remain effective

The Issue Mandate will, if granted, remain effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the date by which the next annual general meeting is required to be held; and (iii) the date which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

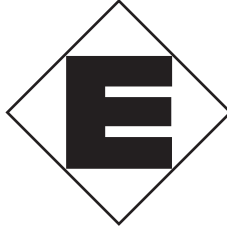
### RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility, for the accuracy of the information contained in this circular and confirm having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this circular misleading.

### CONSENT

Messis has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter set out therein and reference to its name in the form and context in which they appear respectively.

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



**EASYKNIT ENTERPRISES HOLDINGS LIMITED**

**永義實業集團有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 0616)**

7 January 2013

*To the Independent Shareholders*

Dear Sir or Madam,

**PROPOSAL FOR REFRESHMENT OF  
GENERAL MANDATE TO ISSUE NEW SHARES**

We refer to the circular of the Company dated 7 January 2013 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed to advise the Independent Shareholders in connection with the Refreshment of General Mandate. Messis has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

We are of the view that the Refreshment of General Mandate, after taking into account the advice of Messis as set out on pages 14 to 22 of the Circular, is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the Refreshment of General Mandate.

Yours faithfully,  
**Independent Board Committee**

**Kan Ka Hon**

**Lau Sin Ming**

**Foo Tak Ching**

*Independent Non-Executive Directors*

\* *for identification purpose only*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.*



大有融資有限公司  
**MESSIS CAPITAL LIMITED**

7 January 2013

*To: The Independent Board Committee and the Independent Shareholders of  
Easyknit Enterprises Holdings Limited*

Dear Sir/Madam,

### **REFRESHMENT OF GENERAL MANDATE TO ISSUE AND ALLOT SHARES**

#### **INTRODUCTION**

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Refreshment of the General Mandate, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular (the “**Circular**”) of the Company to the Shareholders dated 7 January 2013, of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

Pursuant to Rule 13.36(4)(a) of the Listing Rules, refreshment of the Existing General Mandate requires the approval of the Independent Shareholders at the SGM at which any of the controlling Shareholders and their associates, or where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the relevant resolution regarding the refreshment of the Existing General Mandate to be proposed at the SGM. To the best of the Company’s information and belief after having made reasonable enquiries, as at the Latest Practicable Date, Easyknit International, through Landmark Profits and Goodco, are interested in 29,883,800 Shares representing approximately 52.23% of the issued share capital of Easyknit Enterprises. Accordingly, Landmark Profits, Goodco and together with their respective associates will abstain from voting in favour of the proposed resolution approving the Rights Issue at the SGM.

The Independent Board Committee comprising Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Foo Tak Ching, all being independent non-executive Directors, has been established to advise whether the refreshment of the Existing General Mandate is in the interest of the Company and the Independent Shareholders as a whole and to advise the Independent Shareholders on how to vote. We, MESSIS Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **BASIS OF OUR ADVICE**

In arriving at our recommendation, we have relied on the information and facts provided by the Company and have assumed that any representations made to us are true, accurate and complete. We have also relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and the management of the Company for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the despatch of the Circular.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, nor have we conducted any independent investigation into the business and affairs of the Group.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the Refreshment of General Mandate, we have taken the following principal factors and reasons into consideration:

#### **1. Background of the Refreshment of General Mandate**

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

At the AGM, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to allot, issue and deal with up to 6,481,566 new Shares (or 129,631,335 Old Shares prior to the Capital Reorganisation becoming effective on 11 December 2012), representing 20% of the issued share capital of the Company as at the date of the AGM.

According to the Letter from the Board, during the period from the grant of the Existing General Mandate to the Latest Practicable Date, the Existing General Mandate had been utilized as to 114,700,000 Shares, representing 88.5% of the Existing General Mandate. As disclosed in the announcement of the Company dated 18 July 2012, the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Company had entered into a placing agreement with Kingston Securities, under which Kingston Securities agreed to place 114,700,000 Old Shares. The aggregate net proceeds raised from the Placing amounted to approximately HK\$12.0 million and are intended to be utilised by the Group for fitting and renovation of properties and as general working capital, of which had been fully deployed as at the Latest Practicable Date.

As set out in details in the Rights Issue Prospectus, the Company proposed to raise approximately HK\$114.43 million, before expenses, by issuing 286,071,250 Rights Shares to the Qualifying Shareholders (as defined in the Rights Issue Prospectus) by way of the Rights Issue at the subscription price of HK\$0.40 per Rights Share on the basis of five (5) Rights Shares for every one (1) Share held on Record Date. The Rights Issue was approved by the Independent Shareholders at the special general meeting of the Company on 10 December 2012. As 57,214,250 Shares were in issue on the Record Date, 286,071,250 Right Shares will be issued under the Rights Issue after the Rights Issue becomes unconditional.

As at the Latest Practicable Date, the Company had an aggregate of 57,214,250 Shares were in issue and the total number of Shares in issue will be increased to 343,285,500 after the completion of the Rights Issue. As ordinary resolution will be proposed for the Independent Shareholders to approve the Refreshment of General Mandate to authorise the Directors to allot, issue and deal with Shares, not exceeding 20% of the issued share capital of the Company as at the date of the SGM by way of poll at the SGM.

### **2. Reasons for the refreshment of the Existing General Mandate**

Since the Existing General Mandate has been substantially utilised after the completion of the Placing, the Directors would be only allowed to allot and issue 746,566 new Shares (or 14,934,335 Old Shares) from the Latest Practicable Date to the date of the next general meeting of the Company if the Issue Mandate is not granted.

According to the Rights Issue Prospectus, the Board began to form a more focused intention to acquire the Target Property in October 2012 and confirmed that the entire net proceeds from the Rights Issue of approximately HK\$113.03 million will be used for the possible acquisition of the Target Property (the “**Possible Acquisition**”), or in the event that the Possible Acquisition does not materialise, the Board will apply the entire net proceeds on other future property investments.

As stated in the Letter from the Board, the Company is the majority owner of a building located at No.15 Matheson Street, Causeway Bay, Hong Kong, which exceeds 50 years of age. The building comprises 5 units on the first to fifth floors (i.e. approximately 83.33% of the undivided shares of that building) and the Target Property on the ground floor. The Company’s purchases of the aforesaid 5 units were completed in June 2012. On 20 December 2012, the Company has, pursuant to section 3(1) of the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545), filed an application to the Lands Tribunal for an order to sell all the undivided shares in that building for the purposes of redevelopment. As advised by the Directors after being consulted by its legal advisers, we are given to understand that the estimated time to obtain the grant of order of sale by the courts and the public auction may require about nine months from the date of application. The timing will depend on, among others, the response time by the owner of the Target

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Property. The Directors however noted that the negotiations with the owner of the Target Property are continuing simultaneously with the aforesaid application and they are of the view that the Company may reach an agreement with the owner of the Target Property before the courts grant an order of sale. As stated in the Letter from the Board, in any event, having taken into account the net proceeds of approximately HK\$113.03 million raised from the Rights Issue, the Directors consider that the Company's existing cash reserves remains insufficient for the Possible Acquisition. In particular, should an agreement be reached with the owner of the Target Property before the grant of order of sale by the courts, the Company would require additional options and flexibility to raise funds in a timely manner. The Board also plans to allocate 50% (i.e. approximately HK\$14.2 million) of the net proceeds raised from the rights issue in August 2012 (as detailed in the prospectus of the Company dated 11 September 2012 and the announcement of the Company dated 15 August 2012) for the Possible Acquisition if the investment becomes materialised in the future. As at the Latest Practicable Date, neither definitive agreements nor terms have been entered into with the owner of the Target Property.

**As the Possible Acquisition may or may not proceed, Shareholders and potential investors of the Company should exercise caution when dealing with the Shares.**

According to the Rights Issue Prospectus, the Group has unaudited cash and cash equivalent of approximately HK\$150.0 million as at 31 October 2012, of which RMB76.0 million, is equivalent to approximately HK\$92.0 million, is tied up in the PRC as investment capital which is not practical to be transferred back to Hong Kong. Having considered the above and the proceeds raised from the equity fund raising exercises disclosed in the sub-section headed "Fund raising activities in the past twelve months" in the letter from the Board and except for the funds to be used upon the grant of the order of sale as aforesaid, the Directors are of the view that the Group will have sufficient working capital for its present requirements for the next twelve months and can fulfill all its financial needs. However, there is no certainty that such cash and credit resources will be adequate for the business development and acquisition of appropriate investment that may be identified by the Group. In the event that the Group identifies suitable business or investment opportunities and does not have sufficient cash and credit resources on hand, and it fails to obtain loans on terms which the Directors consider to be acceptable to the Group or raise funds from the equity market, or it cannot find other alternatives to finance the business development or acquisition of such investment opportunities in a timely manner, the Group may lose its opportunity in an otherwise favourable development/investment. Save for the Target Property, the Company has not identified or is in negotiation of any investment opportunities (including investment in listed/unlisted equity securities).

According to the Letter from the Board, the Directors consider that (i) the Refreshment of General Mandate will provide the Group additional options and flexibility when considering future fund raising activities; (ii) it is necessary to refresh the Existing General Mandate to reflect the actual number of Shares to be allotted subsequent to and as a result of the Rights Issue; and (iii) any granting of specific mandate is subject to the approval of the then Independent Shareholders which may cause undue delay if the Group has to carry out its investments, in particular, the Possible Acquisition, in a timely basis. Upon our enquiry, the Board confirms that the Refreshment of General Mandate will be utilised for the Possible Acquisition, or should the Possible Acquisition fail to materialise,

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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the Refreshment of General Mandate will be utilised for acquisition of other properties at the time when the Company has insufficient financial resources to fund such activities in a timely manner. For the avoidance of doubt, save as and except for the Possible Acquisition, the Company has not yet identified and/or concluded any terms for suitable fund raising opportunities with financial institution(s) and underwriter(s) as at the Latest Practicable Date. Given that the equity financing under general mandate (i) does not incur interest obligations on the Group as compared with bank financing; (ii) is less costly and time-consuming than raising funds by way of rights issue or open offer; and (iii) equips the Company with the ability to capture any capital raising or prospective investment opportunities in a timely manner, the Board proposes to refresh the Existing General Mandate for the Directors to allot, issue and deal with new Shares not exceeding 20% of the total issued share capital of the Company as at the date of the SGM.

In view of the above and taking into consideration that the (i) next annual general meeting will not be held until around July 2013, which is around seven months period from the Latest Practicable Date; (ii) the Refreshment of the General Mandate will provide the Group additional options and flexibility when considering future fund raising activities; (iii) it is necessary to refresh the Existing General Mandate to reflect the actual number of Shares to be allotted subsequent to and as a results of the Rights Issue; and (iv) any granting of specific mandate is subject to the approval of the then Independent Shareholders which may cause undue delay if the Group wishes to carry out timely investments, in particular, the Possible Acquisition, on a timely basis, we therefore concur with the Directors' view that the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 3. Fund raising activities of the Company during the past twelve months

Set out below is the fund raising activity of the Company during the past twelve months immediately prior to the Latest Practicable Date:

Date of announcement	Fund raising activities	Net proceeds raised (approximately)	Proposed use of proceeds	Actual use of proceeds (approximately)
30 May 2012	Placing of new shares under a general mandate	HK\$13.6 million	General working capital of the Group	(i) Payment of expenses of HK\$3.7 million;  (ii) settlement of trade and bills payable of HK\$6.3 million; and  (iii) investment in listed securities of HK\$3.6 million
18 July 2012	Placing of new shares under a general mandate	HK\$12.0 million	(i) Fitting and renovation of properties; and  (ii) General working capital of the Group	(i) Fitting and renovation of properties of HK\$0.3 million; and  (ii) general working capital of the Group of HK\$11.7 million
15 August 2012	Rights issue	HK\$28.4 million	(i) HK\$14.2 million for property investment; and  (ii) HK\$14.2 million for general working capital	Not yet utilised and expected to be utilised as intended
11 October 2012	Rights Issue	HK\$113.03 million	For property investment	Not yet utilised and expected to be utilised as intended

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Save as and except for the above, the Company had not conducted any other equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

#### **4. Flexibility in financing**

As advised by the Directors, we are given to understand that the Directors have no concrete plan for raising capital by issuing new Shares as at the Latest Practicable Date. If any potential investors offer attractive terms for investment in the Shares subject to the then market conditions, the Directors will consider and may conduct an equity fund raising exercise by issuing new Shares, the proceeds of which may be used as general working capital and/or the possible investment(s) which the Group may contemplate into in the future (if any). The Directors consider that funding requirement or appropriate investment opportunities may or may not arise at any time prior to the next annual general meeting. If such opportunities arise prior to the next annual general meeting, decisions may have to be made within a limited period of time. The Directors consider that the Refreshment of General Mandate will provide the Company with flexibility for possible future fund raising and the Board will be able to respond to any development or investment opportunities promptly. The Directors are therefore of the view that the Refreshment of General Mandate (i) will provide the Company with flexibility in deciding the source of financing for any investment opportunities that may arise in the future; and (ii) will empower them to issue new Shares within the refreshed limit speedily as and when necessary, and without seeking further approval from the Shareholders.

In light of the above, we consider that (i) any share placement exercise is dependent, to a large extent, on prevailing market conditions and such opportunities for share placement exercise may not always arise; and (ii) the Refreshment of General Mandate would provide the Company with the flexibility to issue and allot new Shares for equity fund raising activities, such as placing of new Shares, or as consideration for potential investments in the future as and when such opportunities arise, we are therefore of the view that the Refreshment of General Mandate is in the interests of the Shareholders and the Company as a whole.

#### **5. Other financing alternatives**

As advised by the Company, apart from equity financing, the Group will also consider other financing alternatives such as debt financing and bank borrowings before making investment decision. However, the Group will consider the cost and other terms of the funding to decide the most appropriate means of financing in order to maximise the benefit to the Shareholders. Furthermore, these alternatives may be subject to lengthy due diligence and negotiations. The Directors advised us that they would exercise due and careful consideration when choosing the best method of financing for the Group.

We consider that the Refreshment of General Mandate will provide the Company with an additional financing alternative and it is reasonable for the Company to have the flexibility in deciding the financing methods for its future business development and the efficient use of its fund. Based on the above, we are of the view that the Refreshment of the General Mandate is in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### 6. Potential dilution to Independent Shareholders' shareholdings

For illustrative purposes only, the table below sets out the shareholding structure of the Company on the assumption that the Rights Issue is completed:

	As at the Latest Practicable Date		All Qualifying Shareholders (as defined in the Rights Issue Prospectus) take up the Rights Shares		Underwriters are called upon to subscribe in full their respective portions of the Rights Shares pursuant to their underwriting obligations		Upon full utilization of the Issue Mandate and all Qualifying Shareholders (as defined in the Rights Issue Prospectus) take up all the Rights Shares		Upon full utilization of the Issue Mandate and the Underwriters are called upon to subscribe in full their respective portions of the Rights Shares pursuant to their underwriting obligations	
	Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%
<b>Substantial Shareholders:</b>										
Landmark Profits	13,094,474	22.89	78,566,844	22.89	78,566,844	22.89	78,566,844	19.07	78,566,844	19.07
Goodco	16,789,326	29.34	100,735,956	29.34	100,735,956	29.34	100,735,956	24.45	100,735,956	24.45
<i>Sub-total</i>	<i>29,883,800</i>	<i>52.23</i>	<i>179,302,800</i>	<i>52.23</i>	<i>179,302,800</i>	<i>52.23</i>	<i>179,302,800</i>	<i>43.52</i>	<i>179,302,800</i>	<i>43.52</i>
Kingston Securities (Note 1)	17	0.00	102	0.00	136,652,267	39.81	–	0.00	136,652,267	33.17
<b>Public:</b>										
Other public Shareholders	27,330,433	47.77	163,982,598	47.77	27,330,433	7.96	163,982,700	39.81	27,330,433	6.63
Shares available to be issued under the Issue Mandate	–	–	–	–	–	–	68,657,100	16.67	68,657,100	16.67
<b>Total</b>	<b>57,214,250</b>	<b>100.00</b>	<b>343,285,500</b>	<b>100.00</b>	<b>343,285,500</b>	<b>100.00</b>	<b>411,942,600</b>	<b>100.00</b>	<b>411,942,600</b>	<b>100.00</b>

*Note:*

The above scenario is for illustrative purposes only.

1. Under the underwriting agreement entered into between Kingston Securities and the Company dated 11 October 2012, in the event of the Kingston Securities being called upon to subscribe for or procure subscribers for the 136,652,250 underwritten shares:
  - (i) Kingston Securities shall not subscribe, for its own account, for such number of Underwritten Shares which will result in the shareholding of it and parties acting (within the meaning of the Hong Kong Codes on Takeovers and Mergers) with it in the Company to exceed 19.9% of the voting rights of the Company upon the completion of Rights Issue; and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (ii) Kingston Securities shall endeavour to ensure that (1) each of the subscribers of the underwritten shares procured by it shall be third party independent of, not acting in concert (within the meaning of The Codes on Takeovers and Mergers and Share Repurchases) with and not connected with the Company, any of the Directors or chief executive or substantial shareholders of the Company or their respective associates; and (2) the public float requirements under Rule 8.08 of the Listing Rules be fulfilled by the Company upon the completion of Rights Issue.

The table above illustrates that (i) the shareholding of the existing public Shareholders would be decreased from approximately 47.77% based on the assumption that all the Qualifying Shareholders (as defined in the Rights Issue Prospectus) take up their assured entitlement of the Right Shares to approximately 39.81% upon full utilization of the Issue Mandate, which represents a potential dilution of approximately 7.96 percentage point; and (ii) the shareholding of the existing public Shareholders would be decreased from approximately 7.96% based on the assumption that all the Qualifying Shareholders do not take up their assured entitlements of Right Shares to approximately 6.63% upon full utilization of the Issue Mandate, which represents a potential dilution of approximately 1.33 percent point. The maximum potential dilution effect to all the existing Shareholders in all scenarios is 16.67%.

Taking into account that the Refreshment of the General Mandate (i) allows the Company to raise capital by allotment and issuance of new Shares before the next annual general meeting; (ii) provides more flexibility and options of financing to the Group for future business development as well as for other potential future investments as and when such opportunities arises; (iii) the shareholding interests of all Shareholders in the Company will be diluted in proportion to their respective shareholdings upon any utilisation of the Issue Mandate; and (iv) ensure the Company having sufficient general mandate to raise fund to maintain its competitiveness in the industry, if so required, until the general mandate is approved in the next annual general meeting, we are of the opinion that the potential dilution to the shareholdings of the public Shareholders as just mentioned is acceptable.

### RECOMMENDATIONS

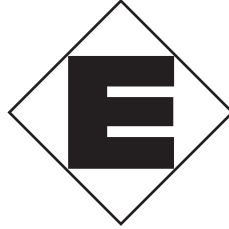
Having taken into account the principal factors and reasons referred to the above, we are of the opinion that the terms of the Issue Mandate are fair and reasonable so far as the Independent Shareholders are concerned and the grant of the Issue Mandate is in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Issue Mandate.

Yours faithfully,  
For and on behalf of  
**Messis Capital Limited**  
**Thomas Lai**  
*Managing Director*

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## NOTICE OF THE SGM

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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)

#### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the special general meeting of Easyknit Enterprises Holdings Limited (the “**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 Tuesday, 22 January 2013 at 9:30 a.m. for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

#### ORDINARY RESOLUTIONS

**“THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with additional Shares in the share capital of the Company and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorizations given to the Directors and shall authorise the Directors during the Relevant Period (as defined in paragraph (d) below) to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option, a conversion or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
  - (i) a Rights Issue (as defined in paragraph (d) below);
  - (ii) the exercise of rights of subscription or conversion under terms of any warrants issued by the Company or any securities which are convertible into Shares;

\* *for identification purpose only*

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## NOTICE OF THE SGM

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- (iii) the exercise of any option under the share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares; and
- (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on the Shares in accordance with the bye-laws of the Company in force from time to time,

shall not exceed the aggregate of 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest 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 Bermuda law or the Company’s bye-laws to be held; or
- (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; and

“Rights Issue” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares or any class thereof on the register of members on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusions or other arrangements as the Directors 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 stock exchange in any territory outside Hong Kong).”

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

Hong Kong, 7 January 2013

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## NOTICE OF THE SGM

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*Notes:*

1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer or attorney duly authorised.
2. Any shareholder of the Company entitled to attend and vote at the Meeting convened by the above notice shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
3. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding of the above Meeting or any adjournment thereof (as the case may be).
4. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the Meeting convened or at any adjourned meeting (as the case may be) and in such event, the form of proxy will be deemed to be revoked.
5. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the Meeting, whether in person or by proxy, the most senior shall alone be entitled to vote. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.