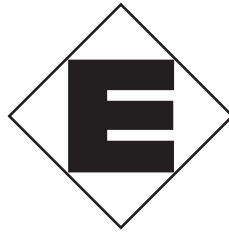

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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.

**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**

A letter of recommendation from the Independent Board Committee to the Independent Shareholders is set out on page 11 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 12 to 19 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 Monday, 18 March 2013 at 9:30 a.m. is set out on pages 20 to 22 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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DEFINITIONS

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 February 2013 in respect of the completion 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
“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 refreshed general mandate duly approved and granted by the Independent Shareholders at the Previous SGM to the Directors to allot, issue and deal 68,657,100 Shares, representing 20% of the issued share capital of the Company as at the date of Previous SGM
“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
“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

DEFINITIONS

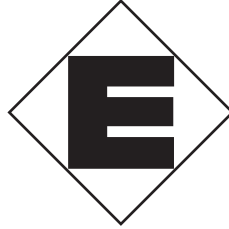
“Independent Financial Adviser” or “Messis”	Messis Capital Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to the Independent Board 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, being the underwriter to the Placing
“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”	27 February 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
“Placing”	placing of 68,656,000 Shares under the Existing General Mandate, details of which are set out in the Announcement
“PRC”	The People’s Republic of China

DEFINITIONS

“Previous SGM”	the special general meeting of the Company held on 22 January 2013
“Refreshment of General Mandate”	the proposed refreshment of the Existing General Mandate to the grant of the Issue Mandate
“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 Monday, 18 March 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Property”	Ground Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong with a saleable area of approximately 700 sq.ft; and is now occupied as a retail shop
“%”	per cent.

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

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 *(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

1 March 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 the 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*

LETTER FROM THE BOARD

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

The Company has refreshed its general mandate once since the AGM.

At the Previous SGM, the Independent 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 68,657,100 Shares, representing 20% of the issued share capital of the Company as at the date of the Previous SGM.

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 68,656,000 Shares, representing approximately 99.99% of the Existing General Mandate. As disclosed in the Announcement, the placing agreement with Kingston Securities for the placing of 68,656,000 Shares had been completed. The aggregate net proceeds raised from the Placing amounted to approximately HK\$29.8 million and are intended to be utilised by the Group 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. The net proceeds have not yet been utilised as at the Latest Practicable Date.

The Directors have noted the recent improved market sentiments and conditions, and consider that the Refreshment of General Mandate will enable the Company to take advantage of fund raising opportunities in the market in a timely manner.

The Target Property

As mentioned in the Company's circular dated 7 January 2013, 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 Placing of approximately HK\$29.8 million will be used for the possible acquisition of the Target Property or in the event that the 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. Based on the valuation report conducted by an independent third party valuer, the existing use value of the Target Property was approximately HK\$136.0 million as at 18 December 2012. Meanwhile, the asking price indicated in early November 2012 by a property agent purportedly acting on behalf of the owner of the Target Property was HK\$230.0 million. The Directors are also aware of the actual transactions of properties nearby. Applying their per square foot prices to the saleable area of the Target Property, they may translate into prices ranging from approximately HK\$160.0 million to HK\$300.0 million. The Directors however do note that the market prices of retail properties, despite being in the same vicinity, may vary depending on specific factors such as facing to streets.

LETTER FROM THE BOARD

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 net proceeds raised from the Placing of approximately HK\$29.8 million, 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

The Group has unaudited cash and cash equivalent of approximately HK\$234.0 million as at 31 January 2013, of which RMB73.7 million, equivalent to approximately HK\$91.0 million, is tied up in the PRC as investment capital which is not practical to be transferred back to Hong Kong. In addition, net proceeds of approximately HK\$29.8 million had been raised from the Placing as abovementioned and the gross sale proceeds of approximately HK\$12.3 million (excluding transaction costs) had been raised from the disposal of listed securities by the Company on 7 February 2013. Save for the funds to be used for the 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 12 months and can fulfill all its financing needs.

Reasons for 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 Placing; 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, in particular, taking into account the recent improved market sentiments and conditions, 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 Group's current cash reserves on hand remain unable to cover the possible range of consideration for the acquisition of the Target Property, the Board considers therefore 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, the Company will be allowed under the Issue Mandate to issue 82,388,300 Shares.

LETTER FROM THE BOARD

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.

Fund raising activities in the past 12 months

Date of announcement	Fund raising activities	Net proceeds raised (approximate)	Intended use of proceeds	Actual use of net proceeds (approximate)
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 general working capital; and (ii) HK\$14.2 million for property investment	(i) General working capital of the Group of HK\$14.2 million; and (ii) the remaining to be applied as intended

LETTER FROM THE BOARD

Date of announcement	Fund raising activities	Net proceeds raised (approximate)	Intended use of proceeds	Actual use of net proceeds (approximate)
11 October 2012	Rights Issue	HK\$113.03 million	For property investment	To be applied as intended
28 January 2013	Placing of new shares under a general mandate	HK\$29.8 million	For property investment	To be applied as intended

Save as the above, the Company had not conducted any other fund raising activity in the past 12 months immediately prior to the Latest Practicable Date.

Potential dilution to shareholding of the public Shareholders

For illustrative purposes only, the table below sets out the shareholding structure of the Company upon full utilization of the Issue Mandate.

	As at the Latest Practicable Date		Upon full utilisation of the Issue Mandate	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Substantial Shareholders:				
Landmark Profits	78,566,844	19.07	78,566,844	15.86
Goodco	<u>100,735,956</u>	<u>24.45</u>	<u>100,735,956</u>	<u>20.34</u>
<i>Sub-total</i>	<i>179,302,800</i>	<i>43.52</i>	<i>179,302,800</i>	<i>36.20</i>
Public:				
Public Shareholders	232,638,700	56.48	232,638,700	47.13
Shares available to be issued under the Issue Mandate	<u>–</u>	<u>–</u>	<u>82,388,300</u>	<u>16.67</u>
Total	<u><u>411,941,500</u></u>	<u><u>100.00</u></u>	<u><u>494,329,800</u></u>	<u><u>100.00</u></u>

General

As at the Latest Practicable Date, a total of 411,941,500 Shares were in 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.

LETTER FROM THE BOARD

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 179,302,800 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.

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 12 to 19 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 Monday, 18 March 2013 at 9:30 a.m. is set out on pages 20 to 22 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.

LETTER FROM THE BOARD

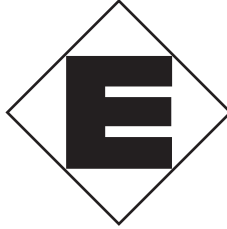
RESPONSIBILITY STATEMENT

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)

1 March 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 1 March 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 12 to 19 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*

LETTER FROM INDEPENDENT FINANCIAL ADVISER

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

1 March 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 1 March 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 179,302,800 Shares representing approximately 43.52% 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 Refreshment of the Existing General Mandate 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.

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

LETTER FROM INDEPENDENT FINANCIAL ADVISER

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

At the AGM, the then Shareholders approved, among other things, an ordinary resolution to grant the Directors a general mandate to allot, issue and deal with up to 6,481,566 Shares (equivalent to 129,631,335 old Shares prior to the capital reorganisation becoming effective on 11 December 2012) (the “**2012 General Mandate**”), representing 20% of the issued share capital of the Company as at the date of the AGM. As a result of the issue of new placing Shares, such general mandate had been utilized as to 114,700,000, representing 88.5% of the number of Shares which may be allotted and issued under the 2012 General Mandate.

The Board therefore proposed to seek the approval of Independent Shareholders at the Previous SGM to refresh the 2012 General Mandate. On 22 January 2013, the then Independent Shareholders passed an ordinary resolution at the Previous SGM to grant the Directors the Existing General Mandate to allot and issue no more than 68,657,100 Shares, being 20% of the entire issued share capital of the Company of 343,285,500 Shares as at the of the Previous SGM.

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 68,656,000 Shares, representing approximately 99.99% of the Existing General Mandate. As disclosed in the Announcement, the Company entered into a placing agreement

LETTER FROM INDEPENDENT FINANCIAL ADVISER

with Kingston Securities, under which Kingston Securities agreed to place 68,656,000 Shares. The net proceeds from the Placing of approximately HK\$29.8 million will be used for the possible acquisition of the Target Property (the “**Possible Acquisition**”), or should the Possible 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 the Existing General Mandate had been almost fully utilized after the completion of the Placing, the Directors would be only allowed to allot and issue 1,100 Shares from the Latest Practicable Date to the date of the next annual general meeting of the Company if the Issue Mandate is not granted. In order to maintain financing flexibility to raise further capital through the issue of new Shares for the Possible Acquisition in a timely manner, the Board proposed to seek the approval of Independent Shareholders at the SGM to grant the Issue Mandate such that the Directors will be granted the authority to issue, allot and deal with new Share not exceeding 20% of the total issued share capital of the Company as at the date of the SGM.

As at the Latest Practicable Date, the Company had an aggregate of 411,941,500 Shares in issue. Subject to the passing of the ordinary resolution for the approval of the Issue Mandate and on the basis that no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of the SGM, the Directors would be authorized to allot and issue up to a maximum of 82,388,300 new Shares, representing 20% of the total number of Shares in issue under the Issue Mandate as at the Latest Practicable Date.

2. Reasons for the Refreshment of the Existing General Mandate

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

According to the Company’s circular dated 19 December 2012, the Board began to form a more focused intention to acquire the Target Property in October 2012. The Company is the majority owner of a building where the Target Property is located on the ground floor. On 20 December 2012, the Company had, 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. Based on the valuation report conducted by an independent third party valuer, the existing use value of the Target Property was approximately HK\$136.0 million as at 18 December 2012. Meanwhile, the asking price indicated in early November 2012 by a property agent purportedly acting on behalf of the owner of the Target Property was HK\$230.0 million. The Directors are also aware of the transaction and asking prices of properties nearby, which per square foot prices translate into price ranging between approximately HK\$160.0 million to HK\$300.0 million for the Target Property. The Directors however do note that the market prices of retail properties, despite being in the same vicinity, may vary depending on specific factors such as facing to streets. As at the Latest Practicable Date, neither definitive agreement nor terms have been entered into with 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 they are of the view that it is possible to 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, the Group has unaudited cash and cash equivalent of approximately HK\$234 million as at 31 January 2013, of which RMB73.7 million, which is equivalent to approximately HK\$91.0 million, is tied up in the PRC as investment capital

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which is practically not possible to be transferred back to Hong Kong. In addition, net proceeds of approximately HK\$29.8 million had been raised from the Placing as abovementioned and gross sale proceeds of approximately HK\$12.3 million (excluding transaction costs) had been raised from the disposal of listed securities by the Company on 7 February 2013. As advised by the Company, having considered the aggregated net proceeds of approximately HK\$196.83 million 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, of which approximately HK\$157.03 million will be reserved for the Possible Acquisition, the Directors consider that the Group’s current cash reserves on hand remain unable to cover the possible range of consideration for the Possible Acquisition as aforementioned. In particular, the consideration for the Possible Acquisition, is subject to, among other things, (i) the change in local property market in future; (ii) the change in market valuation on the Target Property in the future; and (iii) the reaching of consensus by the Company and the owner of the Target Property. 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. 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).

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

Save for the funds to be used for the Possible Acquisition, 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.

The Directors consider that (i) the Refreshment of General Mandate will provide the Group additional options and flexibility to raise funds in a timely manner, if and when required, for financing the Possible Acquisition; and (ii) any granting of specific mandate is subject to the approval of the then 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, the Refreshment of General Mandate will be utilised for acquisition of other properties in the future as and when such opportunities arise. As advised by the Directors, they are of the view that the grant of the Issue Mandate will enable the Company to act promptly and to have greater flexibility and scope in negotiating with financial institution(s) or underwriter(s) for potential fund raising exercises, and will allow the Company to take full advantage of market conditions. 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 the 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) provides the Company with the capability to capture any capital raising for the Possible Acquisition 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.

Despite the Company has recently raised funds by utilization the Existing General Mandate, taking into account that the (i) Group’s current cash reserves on hand remain unable to cover the possible range of consideration for the acquisition of the Target Property as

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aforementioned; (ii) the Board confirms that the Refreshment of General Mandate will be utilized for the Possible Acquisition or should the Possible Acquisition fail to materialise, the Refreshment of General Mandate will be utilised for acquisition of other properties in the future as and when such opportunities arise; (iii) possibly equity financing carried out under the Issue Mandate is interest free and security free by nature which would serve as a cost effective means if raising additional capital for the Company to fulfill the immediate funding needs arising from the Possible Acquisition in a timely manner; (iv) next annual general meeting will not be held until around July 2013, which is around five months period from the Latest Practicable Date; (v) the Refreshment of the General Mandate will provide the Group additional options and flexibility to raise funds in a timely manner, if and when required, for financing the Possible Acquisition; (vi) 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, 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.

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

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

Date of announcement	Fund raising activities	Net proceeds raised (approximate)	Intended use of proceeds	Actual use of net proceeds (approximate)
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

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Date of announcement	Fund raising activities	Net proceeds raised (approximate)	Intended use of proceeds	Actual use of net proceeds (approximate)
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	(i) General working capital of the Group of HK\$14.2 million; and (ii) the remaining to be applied as intended
11 October 2012	Rights issue	HK\$113.03 million	For property investment	To be applied as intended
28 January 2013	Placing of new shares under a general mandate	HK\$29.8 million	For property investment	To be applied as intended

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

According to the Letter from the Board, 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 Placing; 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 Possible Acquisition in a timely manner.

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,

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such as placing of new Shares, or as consideration for potential investments in the future as and when such opportunities arise, in particular, the Possible Acquisition, we are therefore of the view that the Refreshment of General Mandate is fair and reasonable and in the interests of the Shareholders and the Company as a whole. As such, we concur with the Directors' view that it is fair and reasonable to infer that there are reasonable grounds for the Directors to propose the Refreshment of General Mandate in the SGM in order to give the Company greater flexibility in the issuance of new Shares in future as and when the Company considers desirable for the benefit of the development of the Company.

5. Other financing alternatives

We understand that it is the Directors' belief that the Refreshment of General Mandate will provide the Company with an additional alternative of equity funding. It is anticipated that the Refreshment of General Mandate could enhance the financing flexibility of the Company to raise funds, if and required, by way of issuance of new Shares for the Possible Acquisition (if materialise) or acquisition of other properties in the future (if any). The Directors, after considering various methods of fund raising exercises, are of the view that equity financing is in the interest of the Company and the Shareholders as a whole given that 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, in particular taking into account the recent improved market sentiments and conditions.

In view of the above, we consider that the Refreshment of the General Mandate is in the interests of the Company and the Shareholders as a whole.

6. Potential dilution to Independent Shareholders' shareholdings

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) the date upon the full utilization of the Issue Mandate:

	As at the Latest Practicable Date		Upon full utilization of the Issue Mandate	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Substantial Shareholders:				
Landmark Profits	78,566,844	19.07	78,566,844	15.86
Goodco	100,735,956	24.45	100,735,956	20.34
<i>Sub-total</i>	179,302,800	43.52	179,302,800	36.02
Public:				
Existing public Shareholders	232,638,700	56.48	232,638,700	47.13
Shares to be issued under the Issue Mandate	–	–	82,388,300	16.67
Total	411,941,500	100.00	494,329,800	100.00

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The table above illustrates that the shareholding of the existing public Shareholders will be decreased from approximately 56.48% as at the Latest Practicable Date to approximately 47.13% upon full utilization of the Issue Mandate assuming no other Share(s) is/are issued or repurchased by the Company from the Latest Practicable Date up to the date of the SGM. Such potential dilution to the shareholdings of the existing public Shareholders represents a dilution of approximately 9.35 percent point.

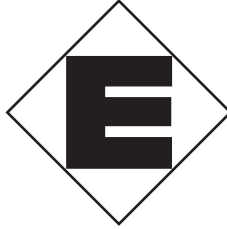
Taking into account that the Refreshment of the Existing General Mandate (i) would provide an alternative to increase the amount of capital which may be raised thereunder; (ii) would provide more options of financing to the Group for funding needs; and (iii) the fact that the shareholdings of all Shareholders will be diluted proportionately to their respective shareholding upon any utilization of the Issue Mandate, we consider that such potential dilution to the shareholdings of the existing public Shareholders 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

NOTICE OF THE SGM



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 a 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 Monday, 18 March 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 RESOLUTION

“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 authorisations 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*

NOTICE OF THE SGM

- (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, 1 March 2013

NOTICE OF THE SGM

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.