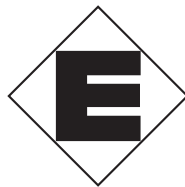

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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

If you have sold or transferred all your shares in Easyknit Enterprises Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

**EASYKNIT ENTERPRISES HOLDINGS LIMITED****永義實業集團有限公司****(incorporated in Bermuda with limited liability)***(Stock Code: 0616)****MAJOR TRANSACTION**

- (1) ACQUISITION OF LISTED SECURITIES ON
MATURITY OF EQUITY LINKED NOTE; AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the SGM to be held at Unit A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Tuesday, 20 August 2013 at 9:30 a.m. is set out on pages N-1 to N-2 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 at Unit A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the SGM.

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 only*

31 July 2013

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	3
APPENDIX I - FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II - UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP	II-1
APPENDIX III - GENERAL INFORMATION	III-1
NOTICE OF SPECIAL GENERAL MEETING	N-1

DEFINITIONS

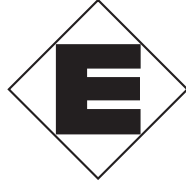
In this circular the following expressions have the following meanings, unless the context requires otherwise:

“Acquisition”	the acquisition by the Company, through a wholly-owned subsidiary, of a total of 241,020 HKEx Shares which took place on 28 June 2013 on maturity of the ELN
“Board”	the board of Directors
“Company”	Easyknit Enterprises Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“EI”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange
“ELN”	an equity linked note issued by JPM to Land Bloom Holdings Limited, a wholly-owned subsidiary of the Company
“Goodco”	Goodco Development Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of EI, being a substantial Shareholder (as defined in the Listing Rules) of the Company
“Group”	the Company and its subsidiaries
“HKEx”	Hong Kong Exchanges and Clearing Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 388)
“HKEx Shares”	shares with a par value of HK\$1.00 each in the share capital of HKEx
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JPM”	J.P. Morgan Structured Products BV
“Landmark Profits”	Landmark Profits Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of EI, being a substantial Shareholder (as defined in the Listing Rules) of the Company
“Latest Practicable Date”	30 July 2013, being the latest practicable date prior to the printing of this circular for ascertaining information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“major transaction”	the meaning ascribed thereto in the Listing Rules
“PRC”	the People’s Republic of China
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held on Tuesday, 20 August 2013 to consider and, if thought fit, ratify and confirm the Acquisition, notice of which is set out herein
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



EASYKNIT ENTERPRISES HOLDINGS LIMITED
永義實業集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 0616)

Executive Directors:

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

Non-executive Director:

Mr. Tse Wing Chiu Ricky

Independent Non-executive Directors:

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

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*

Unit A, 7th Floor
Hong Kong Spinners Building
Phase 6
481-483 Castle Peak Road
Cheung Sha Wan
Kowloon
Hong Kong

31 July 2013

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
ACQUISITION OF LISTED SECURITIES ON
MATURITY OF EQUITY LINKED NOTE

INTRODUCTION

On 27 June 2013, the Board announced that the Company, through a wholly-owned subsidiary, was obliged to acquire on 28 June 2013 a total of 241,020 HKEx Shares for a total consideration of HK\$29,776,000 or HK\$123.54 per HKEx Share, excluding transaction costs, on maturity of the ELN.

* *for identification only*

LETTER FROM THE BOARD

The vendor of the HKEx Shares and the issuer of the ELN was JPM. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, JPM and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Assets Acquired

The ELN was acquired on 16 May 2013, and on maturity of the ELN on 28 June 2013, the Group acquired 241,020 HKEx Shares, representing approximately 0.0209% of the issued shares of HKEx based on 1,153,977,442 HKEx Shares in issue as at 31 May 2013 according to publicly available information. The terms of the ELN are summarised below:

Summary of ELN Terms

Issue Price:	99.27% of the notional amount
Total Cost:	HK\$29,781,000
Trade Date:	16 May 2013
Issue Date:	30 May 2013
Final Valuation Date:	26 June 2013
Maturity Date:	28 June 2013

Consideration

The consideration of HK\$29,781,000 was paid to JPM on issue of the ELN and was satisfied in cash from internal resources of the Company.

REASONS FOR AND BENEFITS OF THE ELN AND THE ACQUISITION

The Group's principal businesses are property investments, garment sourcing and exporting businesses, investment in securities and loan financing.

Having considered the track record of HKEx and its recent performance, the Company considered that the ELN was an attractive investment and could enhance the returns on cash for the Company. The Company may recognise a loss of HK\$1,583,000 on realisation of the ELN but the Directors believe that the HKEx Shares acquired are in themselves an attractive investment likely to yield attractive returns.

As the ELN and the underlying HKEx Shares were acquired at market price, the Directors (including the independent non-executive Directors) are of the view that the Acquisition is fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON HKEX

According to publicly available information, HKEx is a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 388). According to its company profile available on the internet, HKEx

LETTER FROM THE BOARD

is the holding company of the Stock Exchange, Hong Kong Futures Exchange Limited and Hong Kong Securities Clearing Company Limited and brings together the market organisations which have transformed Hong Kong's financial services industry from a domestically focused market to become a central market place in Asia attracting investment funds from all over the world. HKEx was listed in June 2000 following the integration of Hong Kong's securities and derivatives markets. HKEx services comprise trading, clearing and settlement, depository and nominee services, and information services. Further information on HKEx can be found on the website of the Stock Exchange.

Based on the annual reports of HKEx for the two years ended 31 December 2011 and 31 December 2012 respectively, its net profits before and after taxation were approximately HK\$6,032 million and HK\$5,093 million for the year ended 31 December 2011; and HK\$4,845 million and HK\$4,084 million for the year ended 31 December 2012. It had total assets of HK\$54,028 million at 31 December 2011 and of HK\$80,837 million at 31 December 2012.

EFFECTS OF EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP

The Acquisition decreased the amount of cash of the Group by the amount of consideration paid for Acquisition. The Acquisition is expected to have no impact on the consolidated assets and no material impact on the earnings of the Group.

SGM

Notice of the SGM is set out on pages N-1 to N-2 of this circular. A form of proxy for use at the SGM is enclosed. At the SGM, a resolution will be proposed, for Shareholders to consider and, if thought fit, to ratify and confirm the Acquisition. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is materially interested in the Acquisition and therefore required to abstain from voting on the resolution approving the Acquisition at the SGM.

Whether or not Shareholders are able to attend the SGM, Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's principal place of business in Hong Kong at Unit A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM should Shareholders so wish.

RECOMMENDATION

The Directors are of the opinion that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Acquisition.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

The ELN is a “structured product” of the type described in Chapter 15A of the Listing Rules. Because of a misinterpretation of the Listing Rules, the Company considered that the ELN prima facie fell within Rule 14.72 (which applies to options) but that the provisions of Rule 14.74 (which apply to options the exercise of which is not at the listed issuer’s discretion) did not apply to the ELN as it was a structured product under Chapter 15A of the Listing Rules and thus exempted by the note to Rule 14.72(1). The Company was subsequently advised that was not the case. As a result the Company failed to comply with the requirements of Chapter 14 on acquisition of the ELN, which the Directors regret.

To avoid future non-compliance, the Board has now determined that the Chairman and Chief Executive Officer has authority to approve investment/divestment proposal(s) only after a written confirmation from the department of the company secretary that the proposed investment/divestment does or does not constitute a notifiable transaction.

If the proposed investment/divestment does constitute a notifiable transaction, the Chairman and Chief Executive Officer further will direct the department of the company secretary to prepare an appropriate announcement for Board approval and prepare all compliance materials.

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

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

1. FINANCIAL SUMMARY OF THE GROUP

The published audited consolidated financial statements of the Group for the years ended 31 March 2011, 2012 and 2013 are disclosed in the annual reports of the Company for the years ended 2011 (pages 29-90), 2012 (pages 40-134) and 2013 (pages 45-138). They can be accessed on the website of the Company (www.easyknitenterp.com) and the website of the Stock Exchange (www.hkexnews.hk).

2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account its present available financial resources, the Group has sufficient working capital for the next 12 months from the date of this circular in the absence of unforeseen circumstances.

3. INDEBTEDNESS

At the close of business on 30 June 2013, being the latest practicable date for ascertaining this information prior to the printing of the circular, the Group had outstanding bank borrowings of approximately HK\$167.2 million, which were guaranteed by the Company and were secured by certain investment properties of the Group. The bank borrowings comprised bank loans of approximately HK\$167.0 million and interest payable of approximately HK\$0.2 million.

Apart from as disclosed above and intra-group liabilities, the Group did not have at the close of business on 30 June 2013 any debt securities authorised or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

4. MATERIAL CHANGE

The Directors are not aware of any material adverse change to the financial or trading position of the Group since 31 March 2013, being the date to which the latest published audited financial statements of the Company were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As disclosed in the annual report of the Company for the year ended 31 March 2013, the operating environment of the garment sourcing and exporting businesses was challenging during the year due to record high prices of cotton, continued appreciation of the Renminbi against the US dollar and overall price surges resulting from inflation. However, the Company will continue to enhance its competitiveness by providing customers with more products of better quality and design.

For the property investment, although the newly launched tax measures on residential flats to buyers in Hong Kong will inevitably cause an adverse impact on the residential property market in short run, the underlying housing demand is anticipated to remain strong due to the continuing demographic development, low mortgage rates and limited supply of new units. To better position itself to cope with the uncertainties on global economy and changing local policy, the Group will continue seeking opportunities in the acquisition of properties in good locations, keep on revising and adjusting development plans and marketing strategies to tackle the changes in the market conditions. The Group expects that revenue and contribution from property investment segment will continue to grow and become one of the Group's major recurring and reliable income sources.

On the front of securities investment business, the Board will stick to a prudent principle in its investment strategy in focusing on investments which are relatively lower risk in order to secure stable returns at a minimal risk.

Going forward, the Group will vigilantly strengthen its core business and operations with a view to undertaking steady progress in a constantly challenging market. In addition, the Group will keep on exploring the investment opportunities in hotel and service apartment projects, notwithstanding that the Company currently has not identified any specific acquisition target.

A. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES

The following is an illustrative and unaudited pro forma statement of assets and liabilities of the Group which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the acquisition of 241,020 shares of Hong Kong Exchanges and Clearing Limited (the “HKEx Shares”) on maturity of an equity linked note issued by JPM in May 2013 to the Group (the “ELN”) (the “Acquisition”) as if the Acquisition has taken place on 31 March 2013.

This unaudited pro forma statement of assets and liabilities of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Acquisition been completed as at 31 March 2013 or at any future date.

	The Group at 31 March 2013 HK\$'000 (Audited) Note 1	Pro forma adjustment HK\$'000 Note 2	Pro forma total for the Group HK\$'000 (Unaudited)
Non-current assets			
Property, plant and equipment	141	–	141
Investment properties	612,874	–	612,874
Loans receivable	17,500	–	17,500
	<u>630,515</u>	<u>–</u>	<u>630,515</u>
Current assets			
Trade and other receivables	22,996	–	22,996
Bills receivable	153	–	153
Investments held for trading	72,904	29,776	102,680
Bank balances and cash	277,411	(29,806)	247,605
	<u>373,464</u>	<u>(30)</u>	<u>373,434</u>
Current liabilities			
Trade and other payables	17,634	–	17,634
Tax payable	6,909	–	6,909
Secured bank borrowings	6,755	–	6,755
	<u>31,298</u>	<u>–</u>	<u>31,298</u>
Net current assets	<u>342,166</u>	<u>(30)</u>	<u>342,136</u>

	The Group at 31 March 2013 <i>HK\$'000</i> (Audited) <i>Note 1</i>	Pro forma adjustment <i>HK\$'000</i> <i>Note 2</i>	Pro forma total for the Group <i>HK\$'000</i> (Unaudited)
Total assets less current liabilities	<u>972,681</u>	<u>(30)</u>	<u>972,651</u>
Non-current liabilities			
Deferred tax liabilities	12,870	–	12,870
Secured bank borrowings	<u>161,932</u>	<u>–</u>	<u>161,932</u>
	<u>174,802</u>	<u>–</u>	<u>174,802</u>
Net assets	<u><u>797,879</u></u>	<u><u>(30)</u></u>	<u><u>797,849</u></u>

Notes:

1. The figures are extracted from the consolidated statement of financial position of the Group as at 31 March 2013, as set out in the published audited annual report of the Company for the year ended 31 March 2013.
2. The adjustment represents the Acquisition on maturity of the ELN which was acquired in May 2013. Consideration of approximately HK\$29,776,000 and transaction costs of approximately HK\$30,000 were settled by cash.
3. No adjustment has been made to remeasure the HKEx Shares as described in note 2 above to their fair value as at 31 March 2013 as the Acquisition took place subsequent to 31 March 2013.
4. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2013.

**B. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION****Deloitte.**
德勤德勤·關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong**TO THE DIRECTORS OF EASYKNIT ENTERPRISES HOLDINGS LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Easyknit Enterprises Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma statement of assets and liabilities as at 31 March 2013 and related notes as set out on pages II-1 and II-2 of the circular issued by the Company dated 31 July 2013 (the “Circular”). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages II-1 and II-2 of the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the acquisition of 241,020 shares of Hong Kong Exchanges and Clearing Limited on maturity of an equity linked note for an aggregate consideration of approximately HK\$29,776,000, excluding transaction costs, (the “Acquisition”) on the Group’s financial position as at 31 March 2013 as if the Acquisition had taken place at 31 March 2013. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s consolidated financial statements for the year ended 31 March 2013, on which an audit report has been published.

Directors’ Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements (“HKSAE”) 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition at 31 March 2013 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant’s judgment, having regard to the reporting accountant’s understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

31 July 2013

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests in Shares

As at the Latest Practicable Date, the Directors and the chief executive of the Company had the following interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or, chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

Name of Director	Capacity	Number of ordinary Shares held (long position)	Approximate percentage of interest
Ms. Lui Yuk Chu	Beneficiary of a trust (<i>note i</i>)	717,211,200	43.52%
Ms. Koon Ho Yan Candy (<i>note ii</i>)	Beneficiary of a trust	717,211,200	43.52%

Notes:

- (i) These Shares were respectively registered in the name of and are beneficially owned by Landmark Profits and Goodco, both are wholly-owned subsidiaries of EI. Sea Rejoice Limited is interested in approximately 21.95% of the issued share capital of EI and it is wholly-owned by Ms. Lui Yuk Chu. Magical Profits Limited is interested in approximately 36.74% of the issued share capital of EI. Magical Profits Limited is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by Hang Seng Bank Trustee International Limited as trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members other than her spouse).
- (ii) Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and an executive Director, is deemed to be interested in the Shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.

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

(b) As at the Latest Practicable Date:

- (i) none of the Directors had any direct or indirect interest in any assets which have been, since the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries; and
- (ii) none of the Directors was materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the date of the circular and which is significant in relation to the business of the Group.

(c) Directors' interests in competing business

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the persons (“Substantial Shareholders”) (other than the Directors or the chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital are set out below:

Name of Shareholder	Note	Capacity	Number of ordinary Shares held (long position)	Approximate percentage of interest
Koon Wing Yee	<i>i</i>	Interest of spouse	717,211,200	43.52%
Landmark Profits	<i>i & ii</i>	Beneficial owner	314,267,376	19.07%
Goodco	<i>i & ii</i>	Beneficial owner	402,943,824	24.45%
EI	<i>i & ii</i>	Interest of controlled corporation	717,211,200	43.52%
Magical Profits Limited	<i>i & iii</i>	Interest of controlled corporation	717,211,200	43.52%
Accumulate More Profits Limited	<i>i</i>	Interest of controlled corporation	717,211,200	43.52%
Hang Seng Bank Trustee International Limited	<i>i & iv</i>	Trustee	717,211,200	43.52%
Hang Seng Bank Limited	<i>iv</i>	Interest of controlled corporation	717,211,200	43.52%
The Hongkong & Shanghai Banking Corporation Limited	<i>iv</i>	Interest of controlled corporation	717,211,200	43.52%
HSBC Asia Holdings BV	<i>iv</i>	Interest of controlled corporation	717,211,200	43.52%
HSBC Asia Holdings (UK) Limited	<i>iv</i>	Interest of controlled corporation	717,211,200	43.52%
HSBC Holdings BV	<i>iv</i>	Interest of controlled corporation	717,211,200	43.52%
HSBC Finance (Netherlands)	<i>iv</i>	Interest of controlled corporation	717,211,200	43.52%
HSBC Holdings plc	<i>iv</i>	Interest of controlled corporation	717,211,200	43.52%

Notes:

- (i) The 717,211,200 Shares related to the same block of Shares in the Company of which 314,267,376 Shares and 402,943,824 Shares are respectively registered in the name of and are beneficially owned by Landmark Profits and Goodco, both are the wholly-owned subsidiaries of EI. Sea Rejoice Limited is interested in approximately 21.95% of the issued share capital of EI and it is wholly-owned by Ms. Lui Yuk Chu. Magical Profits Limited was interested in approximately 36.74% of the issued share capital of EI. Magical Profits Limited is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by Hang Seng Bank Trustee International Limited as trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members other than her spouse). Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and a Director, is deemed to be interested in the Shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust. Mr. Koon Wing Yee, being the spouse of Ms. Lui Yuk Chu, is deemed to be interested in the 717,211,200 Shares by virtue of the SFO.
- (ii) Mr. Kwong Jimmy Cheung Tim and Ms. Lui Yuk Chu, being executive Directors, are also directors of Landmark Profits, Goodco and EI. Ms. Koon Ho Yan Candy, being an executive Director, is also a director of EI.
- (iii) Ms. Lui Yuk Chu, being a Director, is also a director of Sea Rejoice Limited and Magical Profits Limited.
- (iv) Hang Seng Bank Trustee International Limited is a wholly-owned subsidiary of Hang Seng Bank Limited. Hang Seng Bank Limited is owned as to approximately 62.14% by The Hongkong and Shanghai Banking Corporation Limited. The Hongkong and Shanghai Banking Corporation Limited is wholly-owned by HSBC Asia Holdings BV which is a wholly-owned subsidiary of HSBC Asia Holdings (UK) Limited. HSBC Asia Holdings (UK) Limited is wholly-owned by HSBC Holdings BV which in turn is wholly-owned by HSBC Finance (Netherlands). HSBC Finance (Netherlands) is a wholly-owned subsidiary of HSBC Holdings plc.

Save as disclosed above, as at the Latest Practicable Date the Directors and chief executive of the Company were not aware of any other persons who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing and proposed service contract with any members of the Group other than contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2013 (being the date to which the latest published audited accounts of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation or claims of material importance and, so far as the Directors are aware, there was no litigation or claim of material importance pending or threatened by or against the Company or any of its subsidiaries.

7. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business of the Group, were entered into by the Group within two years immediately preceding the date of the circular which are or may be material:

- (a) the placing agreement dated 30 May 2012 entered into between the Company and Kingston Securities Limited, as the placing agent, to place 97,470,000 new shares of the Company at a placing price of HK\$0.141 per share;
- (b) the placing agreement dated 18 July 2012 entered into between the Company and Kingston Securities Limited, as the placing agent, to place 114,700,000 new shares of the Company at a placing price of HK\$0.106 per share;
- (c) the underwriting agreement dated 15 August 2012 entered into between the Company and Kingston Securities Limited, as the underwriter, to underwrite 381,428,337 rights shares of the Company at a subscription price of HK\$0.077 per rights share;
- (d) a tenancy agreement dated 12 September 2012 entered into between Easyknit Worldwide Company Limited, a wholly-owned subsidiary of the Company, as tenant and Wellmake Investments Limited, an indirect wholly-owned subsidiary EI, as landlord in respect of the lease of the premises located at Unit A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong for 3 years at a monthly rental at HK\$208,000;
- (e) the underwriting agreement dated 11 October 2012 entered into between the Company and Kingston Securities Limited, as the underwriter, in relation to the underwriting and certain other arrangements in respect of the rights issue of 286,071,250 rights shares at the subscription price of HK\$0.40 per rights share;
- (f) the placing agreement dated 28 January 2013 entered into between the Company and Kingston Securities Limited, as the placing agent, to place 68,656,000 new Shares of the Company at a placing price of HK\$0.44 per Share; and
- (g) the underwriting agreement dated 5 April 2013 entered into between the Company and Kingston Securities Limited, as the underwriter, in relation to the underwriting and certain other arrangements in respect of a rights issue of 1,235,824,000 rights shares at the subscription price of HK\$0.10 per rights shares.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given its opinion or advice which are contained in this circular:

Name and Address	Qualification
Deloitte Touche Tohmatsu 35th Floor, One Pacific Place, 88 Queensway, Hong Kong	Certified Public Accountants

As at the Latest Practicable Date, the above expert did not have:

- (a) any direct or indirect interest in any assets which have been, since 31 March 2013 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

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

9. GENERAL

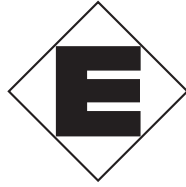
- (a) The company secretary of the Company is Mr. Lee Po Wing, a practising solicitor since 1994 with extensive experience in the legal field;
- (b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business of the Company in Hong Kong is at 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong;
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong; and
- (d) The English text of this circular and the related form of proxy prevails over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the letter of consent referred to in the paragraph headed "Expert and Consent" above;
- (c) the material contracts referred to in the paragraph headed "Material Contracts" above;
- (d) the report from Deloitte Touche Tohmatsu in respect of the unaudited pro forma statement of assets and liabilities of the Group as set out in Appendix II to this circular;
- (e) the annual reports of the Company for each of the three financial years ended 31 March 2011, 31 March 2012 and 31 March 2013;
- (f) the circular of the Company dated 25 June 2012 in respect of a major transaction involving the acquisition of 4 properties situated at No. 15 Matheson Street, Causeway Bay, Hong Kong for a total consideration of HK\$62,000,000;
- (g) the circular of the Company dated 30 April 2013 relating to a rights issue; and
- (h) this circular.

NOTICE OF SPECIAL GENERAL MEETING



EASYKNIT ENTERPRISES HOLDINGS LIMITED

永義實業集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 0616)

NOTICE IS HEREBY GIVEN that a special general meeting of Easyknit Enterprises Holdings Limited (“Company”) will be held at at Unit A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Tuesday, 20 August 2012 at 9:30 a.m. for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution with or without amendment:

ORDINARY RESOLUTION

“THAT:

- (a) the Acquisition (as defined in the circular of the Company dated 31 July 2013) of the ELN (as defined in the circular of the Company dated 31 July 2013) be and is hereby ratified and confirmed; and
- (b) any one director of the Company be and is hereby authorised for and on behalf of the Company to execute all such documents, instruments and agreements and do all such acts, matters and things as he/she may in his/her absolute discretion consider necessary, desirable or expedient for the purposes of or in connection with implementing, completing and giving effect to the Acquisition and the transactions contemplated thereunder and to agree to such variations of the terms of the Acquisition as he/she may in his/her absolute discretion consider necessary or desirable.”

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

Hong Kong, 31 July 2013

* *for identification only*

NOTICE OF SPECIAL GENERAL MEETING

Notes:

1. A form of proxy for use at the Meeting is enclosed herewith.
2. 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.
3. 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.
4. 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).
5. 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.
6. 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.