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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a 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 and the accompanying form of proxy to the purchaser or the transferee or to the 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.

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EASYKNIT ENTERPRISES HOLDINGS LIMITED

永義實業集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 0616)

**VERY SUBSTANTIAL ACQUISITION
IN RELATION TO
THE ACQUISITION OF PROPERTIES
AND
NOTICE OF SPECIAL GENERAL MEETING**

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 5 to 14 of this circular.

A notice convening the SGM to be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Monday, 11 May 2015 at 9:10 a.m. is set out on pages N-1 to N-2 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding of 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 case, the form of proxy shall be deemed to be revoked.

* *for identification purposes only*

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DEFINITIONS

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

“Acquisitions”	the acquisitions of the Properties by the Purchaser
“Building Orders”	the building orders to which the Properties were subject as at the date of the Provisional Agreements
“Cheng Property”	the 1/F of Site 2 with a saleable area of approximately 448 square feet
“Cheng Provisional Agreement”	the provisional sale and purchase agreement for the sale and purchase of the Cheng Property, entered into between the Purchaser and CHENG Yun Nin Elita
“CG Property”	the 2/F of Site 2 with a saleable area of approximately 448 square feet
“CG Provisional Agreement”	the provisional sale and purchase agreement for the sale and purchase of the CG Property, entered into between the Purchaser and City Glory Development Limited
“Completion”	on or before 17 June 2015 or at a later date being agreed by the Purchaser and the Vendors
“Composite Building”	a composite building situated at Site 1 and Site 2
“Director(s)”	the director(s) of Easyknit Enterprises
“Easyknit Enterprises” or “Company”	Easyknit Enterprises Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Easyknit International”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Fan Property”	the 5/F of Site 1 with a saleable area of approximately 448 square feet and the roof of Site 1
“Fan Provisional Agreement”	the provisional sale and purchase agreement for the sale and purchase of the Fan Property, entered into between the Purchaser and FAN Siu Ying & CHEUNG Cheuk Yu

DEFINITIONS

“Goodco”	Goodco Development Limited, a company incorporated in the British Virgins Islands with limited liability and a wholly-owned subsidiary of Easyknit International, being a substantial shareholder of the Company
“Group”	Easyknit Enterprises and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Inverness Road Project”	the redevelopment residential project of Nos. 14, 16, 18 and 20 of Inverness Road, Kowloon Tong, Kowloon, Hong Kong with a total registered site area of 15,500 sq.ft.
“Lam Property”	the 4/F of Site 2 with a saleable area of approximately 448 square feet
“Lam Provisional Agreement”	the provisional sale and purchase agreement for the sale and purchase of the Lam Property, entered into between the Purchaser and LAM Chan Fun
“Latest Practicable Date”	17 April 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lee Property”	the 4/F of Site 1 with a saleable area of approximately 448 square feet
“Lee Provisional Agreement”	the provisional sale and purchase agreement for the sale and purchase of the Lee Property, entered into between the Purchaser and LEE Kuen and CHEUNG Cheuk Han Kamilly and CHEUNG Cheuk Ling Charing
“Leung Property”	the 1/F of Site 1 with a saleable area of approximately 448 square feet
“Leung Provisional Agreement”	the provisional sale and purchase agreement for the sale and purchase of the Leung Property, entered into between the Purchaser and LEUNG Lai Ha and LEUNG Chi Wo Vico
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Liu Property”	the 5/F of Site 2 with a saleable area of approximately 448 square feet and the roof of Site 2

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“Liu Provisional Agreement”	the provisional sale and purchase agreement for the sale and purchase of the Liu Property, entered into between the Purchaser and LIU Po Yung
“Properties”	the Leung Property, Tsang Property, Woo Property, Lee Property, Fan Property, Cheng Property, CG Property, Tam Property, Lam Property and Liu Property
“Provisional Agreements”	10 sets of provisional agreements for the sale and purchase of the Properties, mainly referring to: <ol style="list-style-type: none">(1) Leung Provisional Agreement;(2) Tsang Provisional Agreement;(3) Woo Provisional Agreement;(4) Lee Provisional Agreement;(5) Fan Provisional Agreement;(6) Cheng Provisional Agreement;(7) CG Provisional Agreement;(8) Tam Provisional Agreement;(9) Lam Provisional Agreement; and(10) Liu Provisional Agreement
“Purchaser”	Chancemore Limited, a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of Easyknit Enterprises
“Remaining Unit”	G/F of Site 1
“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 Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Monday, 11 May 2015 at 9:10 a.m. for the purpose of considering and, if thought fit, approving the Provisional Agreements and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of par value HK\$0.01 each in the share capital of Easyknit Enterprises
“Shareholders”	holders of the Shares
“Site 1”	being a part of the Composite Building located at No. 11 Matheson Street, Causeway Bay, Hong Kong with a site area of approximately 918 square feet

DEFINITIONS

“Site 2”	being a part of the Composite Building located at No. 13 Matheson Street, Causeway Bay, Hong Kong with a site area of approximately 918 square feet
“Site 3”	the building comprises of G/F., 1/F to 5/F of No. 15 Matheson Street, Causeway Bay, Hong Kong with a site area of approximately 1,021 square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tam Property”	the 3/F of Site 2 with a saleable area of approximately 448 square feet
“Tam Provisional Agreement”	the provisional sale and purchase agreement for the sale and purchase of the Tam Property, entered into between the Purchaser and TAM Wai Cheung
“Tsang Property”	the 2/F of Site 1 with a saleable area of approximately 448 square feet
“Tsang Provisional Agreement”	the provisional sale and purchase agreement for the sale and purchase of the Tsang Property, entered into between the Purchaser and TSANG Kam Oi Susanna
“Woo Property”	the 3/F of Site 1 with a saleable area of approximately 448 square feet
“Woo Provisional Agreement”	the provisional sale and purchase agreement for the sale and purchase of the Woo Property, entered into between the Purchaser and WOO Hon Wah
“Vendor(s)”	the vendors of the Properties, mainly referring to: <ol style="list-style-type: none">(1) LEUNG Lai Ha & LEUNG Chi Wo Vico;(2) TSANG Kam Oi Susanna;(3) WOO Hon Wah;(4) LEE Kuen and CHEUNG Cheuk Han Kamily and CHEUNG Cheuk Ling Charing;(5) FAN Siu Ying and CHEUNG Cheuk Yu;(6) CHENG Yun Nin Elita;(7) City Glory Development Limited;(8) TAM Wai Cheung;(9) LAM Chan Fun; and(10) LIU Po Yung
“%”	per cent.

LETTER FROM THE BOARD



EASYKNIT ENTERPRISES HOLDINGS LIMITED

永義實業集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 0616)

Executive Directors:

Mr. Kwong Jimmy Cheung Tim
(Chairman and Chief Executive Officer)

Ms. Lui Yuk Chu
(Deputy Chairman)

Ms. Koon Ho Yan Candy

Non-executive Directors:

Mr. Tse Wing Chiu Ricky

Mr. Lai Law Kau

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:*

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

22 April 2015

To the Shareholders

Dear Sir or Madam,

**VERY SUBSTANTIAL ACQUISITION
IN RELATION TO
THE ACQUISITION OF PROPERTIES**

INTRODUCTION

The Board is pleased to announce that on 18 March 2015, 10 sets of Provisional Agreements were entered into between an indirect wholly-owned subsidiary of the Company as purchaser with the Vendors, pursuant to which, amongst other things, the Purchaser agreed to acquire, and the Vendors agreed to sell, the Properties for an aggregate consideration and other related expenses of HK\$183,000,000.

* *for identification purposes only*

LETTER FROM THE BOARD

The purpose of this circular is to provide you with (i) details of the Acquisitions; (ii) financial information on the Properties; (iii) pro forma financial information of the Group; (iv) independent property valuation report of the Properties, and (v) a notice of SGM to be convened and held for purpose of considering and, if thought fit, approving the Provisional Agreements and the transactions contemplated thereunder.

SUBJECT OF ACQUISITIONS

The Acquisitions are related to the 10 property units which are situated at 1st floor, 2nd floor, 3rd floor, 4th floor, 5th floor and the roof of Nos. 11 and 13 Matheson Street, Causeway Bay, Hong Kong.

The Purchaser acquired the Properties which are subject to the Building Orders. The Buildings Orders are issued under section 24(1) of the Buildings Ordinance and are registered against the respective unit. It requires the owners to demolish the unauthorized building works and to reinstate the Properties. The Purchaser has acknowledged that the Vendor(s) shall not be responsible for such remedial works and the Purchaser has agreed to comply with the requirements as stated in the Building Orders at its own costs and expenses. The Company is in the view that the intention to acquire such Properties are mainly for redevelopment, therefore the costs of the remedial works to comply with the Building Orders may not be incurred at the time when the demolition works commence; or the costs of the remedial works is only a minimal when compared to the redevelopment cost.

PRINCIPAL TERMS OF THE PROVISIONAL AGREEMENTS

(A) Leung Provisional Agreement

- Parties:**
- (a) The Vendor: Tenant in common
— LEUNG Lai Ha and LEUNG Chi Wo Vico
 - (b) The Purchaser: Chancemore Limited

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

The Purchaser and the Vendor entered into a formal agreement for the acquisition of Leung Property on 26 March 2015.

Assets to be Acquired

Pursuant to the terms of the Leung Provisional Agreement, the Purchaser will acquire the Leung Property from the Vendor at a consideration of HK\$19,000,000. An initial deposit of HK\$950,000 was paid by the Purchaser upon signing of the Leung Provisional Agreement and a further deposit of HK\$2,850,000 was also paid by the Purchaser on 26 March 2015. The balance of the consideration for the Leung Property, being HK\$15,200,000 will be paid upon Completion.

LETTER FROM THE BOARD

For the years of 2013 and 2014, the Leung Property is mainly for self-use and currently is leased by the Vendor to a tenant, which is a third party independent of Easyknit Enterprises, at a monthly rental of HK\$6,500 (inclusive of management fees and government rates) for 1 year commencing from 27 August 2014 to 26 August 2015.

(B) Tsang Provisional Agreement

Parties: (a) The Vendor: TSANG Kam Oi Susanna
(b) The Purchaser: Chancemore Limited

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

The Purchaser and the Vendor entered into a formal agreement for the acquisition of Tsang Property on 26 March 2015.

Assets to be Acquired

Pursuant to the terms of the Tsang Provisional Agreement, the Purchaser will acquire the Tsang Property from the Vendor at a consideration of HK\$18,000,000. An initial deposit of HK\$900,000 was paid by the Purchaser upon signing of the Tsang Provisional Agreement and a further deposit of HK\$2,700,000 was also paid by the Purchaser on 26 March 2015. The balance of the consideration for the Tsang Property, being HK\$14,400,000 will be paid upon Completion.

The Vendor is licensed to occupy the Tsang Property free of rental for 3 months after the date of Completion. During this period, the Vendor is responsible for the payment of management fees (if any) and the government rates. The Tsang Property will be delivered with vacant possession upon the expiry of the 3 months' licence period.

(C) Woo Provisional Agreement

Parties: (a) The Vendor: WOO Hon Wah
(b) The Purchaser: Chancemore Limited

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

The Purchaser and the Vendor entered into a formal agreement for the acquisition of Woo Property on 26 March 2015.

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Assets to be Acquired

Pursuant to the terms of the Woo Provisional Agreement, the Purchaser will acquire the Woo Property from the Vendor at a consideration of HK\$18,000,000. An initial deposit of HK\$900,000 was paid by the Purchaser upon signing of the Woo Provisional Agreement and a further deposit of HK\$2,700,000 was also paid by the Purchaser on 26 March 2015. The balance of the consideration for the Woo Property, being HK\$14,400,000 will be paid upon Completion.

The Vendor is licensed to occupy the Woo Property free of rental for 3 months after the date of Completion. During this period, the Vendor is responsible for the payment of management fees (if any) and the government rates. The Woo Property will be delivered with vacant possession upon the expiry of the 3 months' licence period.

(D) Lee Provisional Agreement

Parties:

- (a) The Vendor: Tenant in Common
— LEE Kuen and CHEUNG Cheuk Han Kamilly
and CHEUNG Cheuk Ling Charing
- (b) The Purchaser: Chancemore Limited

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

The Purchaser and the Vendor entered into a formal agreement for the acquisition of Lee Property on 26 March 2015.

Assets to be Acquired

Pursuant to the terms of the Lee Provisional Agreement, the Purchaser will acquire the Lee Property from the Vendor at a consideration of HK\$18,000,000. An initial deposit of HK\$900,000 was paid by the Purchaser upon signing of the Lee Provisional Agreement and a further deposit of HK\$2,700,000 was also paid by the Purchaser on 26 March 2015. The balance of the consideration for the Lee Property, being HK\$14,400,000 will be paid upon Completion.

The Vendor is licensed to occupy the Lee Property free of rental for 3 months after the date of Completion. During this period, the Vendor is responsible for the payment of management fees (if any) and the government rates. The Lee Property will be delivered with vacant possession upon the expiry of the 3 months' licence period.

LETTER FROM THE BOARD

(E) Fan Provisional Agreement

Parties: (a) The Vendor: Tenant in Common
— FAN Siu Ying and CHEUNG Cheuk Yu
(b) The Purchaser: Chancemore Limited

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

The Purchaser and the Vendor entered into a formal agreement for the acquisition of Fan Property on 26 March 2015.

Assets to be Acquired

Pursuant to the terms of the Fan Provisional Agreement, the Purchaser will acquire the Fan Property from the Vendor at a consideration of HK\$18,000,000. An initial deposit of HK\$900,000 was paid by the Purchaser upon signing of the Fan Provisional Agreement and a further deposit of HK\$2,700,000 was also paid by the Purchaser on 26 March 2015. The balance of the consideration for the Fan Property, being HK\$14,400,000 will be paid upon Completion.

The Vendor is licensed to occupy the Fan Property free of rental for 3 months after the date of Completion. During this period, the Vendor is responsible for the payment of management fees (if any) and the government rates. The Fan Property will be delivered with vacant possession upon the expiry of the 3 months' licence period.

(F) Cheng Provisional Agreement

Parties: (a) The Vendor: CHENG Yun Nin Elita
(b) The Purchaser: Chancemore Limited

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

The Purchaser and the Vendor entered into a formal agreement for the acquisition of Cheng Property on 26 March 2015.

Assets to be Acquired

Pursuant to the terms of the Cheng Provisional Agreement, the Purchaser will acquire the Cheng Property from the Vendor at a consideration of HK\$19,000,000. An initial deposit of HK\$950,000 was paid by the Purchaser upon signing of the

LETTER FROM THE BOARD

Cheng Provisional Agreement and a further deposit of HK\$2,850,000 was also paid by the Purchaser on 26 March 2015. The balance of the consideration for the Cheng Property, being HK\$15,200,000 will be paid upon Completion.

For the years 2013 and 2014, the whole Cheng Property is mainly for self-use and currently a portion of the Cheng Property is for self-use and the remaining portion is leased by the Vendor to 2 tenants, which are third parties independent of Easyknit Enterprises, for its leasing to a tenant at a monthly rental of HK\$5,300 (inclusive of management fees and government rates) for 1 year commencing from 25 December 2014 to 24 December 2015; and the other at a monthly rental of HK\$8,000 (inclusive of management fees and government rates) for 6 months which has been expired on 16 January 2015 but is now subject to monthly tenancy.

The Vendor is licensed to occupy the self-use portion of the Cheng Property free of rental for 2 months after the date of Completion. During this period, the Vendor is responsible for the payment of management fees (if any) and the government rates. The portion of the Cheng Property which is for self-use will be delivered with vacant possession upon the expiry of the 2 months' licence period.

(G) CG Provisional Agreement

Parties: (a) The Vendor: City Glory Development Limited
(b) The Purchaser: Chancemore Limited

City Glory Development Limited is a company incorporated in Hong Kong with limited liability.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the ultimate beneficial owner of the Vendor is a third party independent of Easyknit Enterprises.

The Purchaser and the Vendor entered into a formal agreement for the acquisition of CG Property on 26 March 2015.

Assets to be Acquired

Pursuant to the terms of the CG Provisional Agreement, the Purchaser will acquire the CG Property from the Vendor at a consideration of HK\$18,000,000. An initial deposit of HK\$900,000 was paid by the Purchaser upon signing of the CG Provisional Agreement and a further deposit of HK\$2,700,000 was also paid by the Purchaser on 26 March 2015. The balance of the consideration for the CG Property, being HK\$14,400,000 will be paid upon Completion.

The CG Property is currently leased by the Vendor to a tenant, which is a third party independent of Easyknit Enterprises, at a monthly rental of HK\$10,500 (inclusive of management fees and government rates) for 1 year commencing from 1 July 2014 to 30 June 2015.

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(H) Tam Provisional Agreement

Parties: (a) The Vendor: TAM Wai Cheung
(b) The Purchaser: Chancemore Limited

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

The Purchaser and the Vendor entered into a formal agreement for the acquisition of Tam Property on 26 March 2015.

Assets to be Acquired

Pursuant to the terms of the Tam Provisional Agreement, the Purchaser will acquire the Tam Property from the Vendor at a consideration of HK\$18,000,000. An initial deposit of HK\$900,000 was paid by the Purchaser upon signing of the Tam Provisional Agreement and a further deposit of HK\$2,700,000 was also paid by the Purchaser on 26 March 2015. The balance of the consideration for the Tam Property, being HK\$14,400,000 will be paid upon Completion.

The Vendor is licensed to occupy the Tam Property free of rental for 3 months after the date of Completion. During this period, the Vendor is responsible for the payment of management fees (if any) and the government rates. The Tam Property will be delivered with vacant possession upon the expiry of the 3 months' licence period.

(I) Lam Provisional Agreement

Parties: (a) The Vendor: LAM Chan Fun
(b) The Purchaser: Chancemore Limited

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

The Purchaser and the Vendor entered into a formal agreement for the acquisition of Lam Property on 26 March 2015.

Assets to be Acquired

Pursuant to the terms of the Lam Provisional Agreement, the Purchaser will acquire the Lam Property from the Vendor at a consideration of HK\$18,000,000. An initial deposit of HK\$900,000 was paid by the Purchaser upon signing of the Lam Provisional Agreement and a further deposit of HK\$2,700,000 was also paid by the Purchaser on 26 March 2015. The balance of the consideration for the Lam Property, being HK\$14,400,000 will be paid upon Completion.

LETTER FROM THE BOARD

The Lam Property is currently leased by the Vendor to a tenant, which is a third party independent of Easyknit Enterprises, for its leasing to a tenant at a monthly rental of HK\$9,800 (exclusive of management fees and government rates) for 2 years commencing from 1 September 2014 to 31 August 2016.

(J) Liu Provisional Agreement

Parties: (a) The Vendor: LIU Po Yung
(b) The Purchaser: Chancemore Limited

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

The Purchaser and the Vendor entered into a formal agreement for the acquisition of Liu Property on 26 March 2015.

Assets to be Acquired

Pursuant to the terms of the Liu Provisional Agreement, the Purchaser will acquire the Liu Property from the Vendor at a consideration of HK\$18,000,000. An initial deposit of HK\$900,000 was paid by the Purchaser upon signing of the Liu Provisional Agreement and a further deposit of HK\$2,700,000 was also paid by the Purchaser on 26 March 2015. The balance of the consideration for the Liu Property, being HK\$14,400,000 will be paid upon Completion.

The Vendor is licensed to occupy the Liu Property free of rental for 3 months after the date of Completion. During this period, the Vendor is responsible for the payment of management fees (if any) and the government rates. The Liu Property will be delivered with vacant possession upon the expiry of the 3 months' licence period.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

As at the Latest Practicable Date, Easyknit Enterprises via its subsidiaries has 100% interests in the ground floor of Site 2; and the whole Site 3. The Properties comprise all the units in a composite building situated at Site 1 and Site 2 (except the Remaining Unit). The current aggregate rental for the Properties which are subject to leases is HK\$40,100 per month.

The Properties will be used by the Group for property development.

The aggregate consideration and other related expenses of the Properties of HK\$183,000,000 was determined after arm's length negotiations between the Purchaser and the Vendor(s) with reference to the location of the Properties and the valuation of HK\$185,000,000 performed by Knight Frank Petty Limited.

LETTER FROM THE BOARD

The Group will fund the Acquisitions from the earmarked funds of approximately HK\$205 million which were raised from the previous funds raising activities of Easyknit Enterprises solely for the acquisition and redevelopment for this project. There will be no remaining balance of the earmarked funds for this project upon the Completion and the full settlement of the professional costs (including but without limitation to legal fees and stamp duty).

Upon the Completion, Easyknit Enterprises via its subsidiaries shall have 100% interest in Site 2 and more than 80% interest in Site 1. Easyknit Enterprises shall consider to acquire the Remaining Unit by commencing the negotiations with the owner of the Remaining Unit at the time when the Directors think fit.

The Directors intend to consolidate its ownership of Site 1, Site 2 and Site 3 with a view of redeveloping the site, therefore Directors consider that the Acquisitions is an opportunity for Easyknit Enterprises to proceed the redevelopment of the Site 1, Site 2 and Site 3 upon the Completion and the acquisition of the Remaining Unit. The Directors estimated that the costs for the acquisition of the Remaining Unit and the redevelopment cost are currently to be between HK\$350 million and HK\$400 million. As at the Latest Practicable Date, the Company has no concrete plan to have any fund raising activities to finance such cost but the Company shall consider different methods of future financing including but without limitation to bank financing and/or equity issuances in future.

The Directors, including the independent non-executive directors of Easyknit Enterprises, are of the view that the terms of the Provisional Agreements are fair and reasonable, on normal commercial terms and in the interests of the Shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITIONS

Earnings

There are 4 units in the Properties are subject to tenancies. These 4 units will derive rental income from the tenants and therefore the Acquisitions will have positive effects on the earnings of the Group.

Assets and Liabilities

Upon the completion of the acquisitions of the Properties, the effect of the Acquisitions is that the segment on property development held by the Group will increase; cash reserve will decrease as it will be applied towards the settlement of the consideration and direct expenses for the Acquisitions; the Group will fund the Acquisitions by internal resources.

INFORMATION ON THE GROUP AND THE PURCHASER

The Group is principally engaged in property investment, property development, garment sourcing and export businesses, investments in securities and loan financing.

LETTER FROM THE BOARD

The Purchaser, Chancemore Limited, is an investment holding company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company. Chancemore Limited is also the registered owner of the ground floor of No. 13 Matheson Street, Causeway Bay, Hong Kong.

SGM

The Acquisitions constitutes a very substantial acquisition transaction for the Company under the Listing Rules, for which Shareholders' approval is required. At present, no Shareholder is required to abstain from voting on the approval of the Acquisitions.

A notice convening the SGM to be held on Monday, 11 May 2015 at 9:10 a.m. at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong for the purpose of considering and, if thought fit, approving, among other things, the Acquisitions is set out on pages N-1 to N-2 of this circular.

Whether or not Shareholders are able to attend the meeting, they are requested to complete 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM. Completion and return of the form or proxy will not preclude the Shareholders from subsequently attending and voting in person at the SGM or any adjournment thereof should they so wish.

RECOMMENDATION

The Board considers that the terms of the Provisional Agreements are fair and reasonable and in the interest of the Company and Shareholders as a whole. The Board therefore recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Acquisitions and matters ancillary thereto as set out in the notice of SGM.

ADDITIONAL INFORMATION

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

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

1. FINANCIAL SUMMARY OF THE GROUP

The published audited consolidated financial statements of the Group for the years ended 31 March 2012, 2013 and 2014 are disclosed in the annual reports of the Company for the year ended 31 March 2012, 2013 and 2014. The published unaudited consolidated financial statements of the Group for the six months ended 30 September 2014 is disclosed in 2014 interim report of the Company, which 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 the expected completion of the Acquisition and the present available financial resources, its expected internally generated funds and the present available banking facilities of the Group, the Group will have sufficient working capital for its present requirements and for the period up to 12 months from the date of this circular in the absence of unforeseen circumstances.

3. INDEBTEDNESS

At the close of business on 28 February 2015, being the latest practicable date for ascertaining the information prior to the printing of this circular, the Group has outstanding bank borrowings of approximately HK\$294.9 million, which was guaranteed by the Company and were secured by certain investment properties of the Group. The bank borrowings comprised bank loans of approximately HK\$294.6 million and interest payable of approximately HK\$0.3 million.

Apart from as disclosed above and intra-group liabilities, the Group did not have at the close of business on 28 February 2015 any debt securities authorised or created by 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. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As mentioned in the interim report of the Company for the six months ended 30 September 2014, the Board is optimistic towards its core businesses and will seize the business opportunities to achieve long-term sustainable growth for the benefit of the Group and its shareholders as a whole.

Looking forward to the year 2015/16, despite of a few uncertainties of the global economics, such as the adjustments to the macroeconomic policies of major economies and geopolitical tensions, the low interest rate environment is likely to continue, which favours the economic recovery. As the US government keeps on measured reductions in the pace of asset purchases; the economic environment of the European countries is improving; the Chinese government implements various stimulative policies to ensure a moderate to high rate of growth while continuing its economic restructuring, the Group believes any changes to the global monetary policies in the future would be in a gradual and controlled manner. The global economy is expected to recover steadily.

For the Group's real estate business, the direction of the local property market is still determined by the local government policies. Signs of demand for luxury residential properties arose over the past few months, which is likely to continue into the second half. The Group remains confident and optimistic towards the local property market. Upon the completion of the acquisition of the Properties, the Company may commence negotiation with owners of the Remaining Unit to acquire that property.

For Inverness Road Project, the Company was the registered owner of all properties of Nos. 14, 16, 18 and 20 Inverness Road since January 2015, the Group planned to commence the redevelopment of the Inverness Road Project in May 2015. The Group estimated the redevelopment cost of Inverness Road Project is approximately HK\$500 million to HK\$550 million at current prices. The site will be developed into properties for residential use and the Directors estimated that it will take approximately 4 years. As at the Latest Practicable Date, the Company has no concrete plan to have any fund raising activities to finance this project but the Company shall consider different methods of future financing this project including but without limitation to bank financing and/or equity issuances in future. The general building plan to redevelop the Inverness Road Project has been submitted to Buildings Department in January 2015 and the approval shall be obtained in 6 months' time; and the issuance of the consent for work commencement shall be obtained in early 2016. The construction works of the superstructure targets to commence in early 2017.

For the Group's garment business, ever rising sourcing and labor costs and transfer of customer orders placed the garment industry into a disadvantaged competitive position. Nevertheless, the Group would still use its best endeavours to maintain sales volume with the current customers and strengthen its marketing strategies to fit the prevailing industry trend. The turnover generated from the garment sourcing and export businesses segment is expected to remain stable in the second half.

The Group's strategies are devised to create shareholder value in a long term sustainable manner. The Board is optimistic towards its core business and will seize all business opportunities in order to maximise the shareholder value.

5. MATERIAL CHANGE

The Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 31 March 2014, the date to which the latest published audited financial statements of the Company were made up, up to and including the Latest Practicable Date, save as mentioned below:

- (i) As disclosed in the announcement of the Company on 3 April 2014, the Company received notice from Goodco, requesting for the conversion of the convertible note in the principal amount of HK\$20.0 million.
- (ii) As disclosed in the Company's announcement on 30 April 2014, the Company, through its indirectly held wholly-owned subsidiary, acquired the ground floor of No. 15 Matheson Street, Causeway Bay, Hong Kong, comprising shops A and B with a total saleable area of approximately 675 sq. ft. for HK\$236,800,000.
- (iii) As disclosed in the joint announcement of the Company and Easyknit International dated 18 June 2014, the Company raised approximately HK\$22.5 million by way of placing of new Shares under general mandate.
- (iv) As disclosed in the joint announcement of the Company and Easyknit International dated 22 August 2014, the Company raised approximately HK\$23.1 million by way of placing of new Shares under general mandate.
- (v) As disclosed in the announcement of the Company on 29 August 2014, the Company received notice from Goodco, requesting for the conversion of the convertible note in the principal amount of HK\$60.0 million.
- (vi) As disclosed in the joint announcement of the Company and Easyknit International dated 5 September 2014, the Company (a) acquired the site located at No. 14 and 16 Inverness Road, Kowloon Tong, Kowloon, Hong Kong from Easyknit International for a total consideration of HK\$340 million; and (b) raised approximately HK\$312.0 million by way of rights issue.
- (vii) As disclosed in the joint announcement of the Company and Easyknit International dated 30 October 2014, the Company, through its direct wholly-owned subsidiary, acquired all properties situated at basement, ground floor, 1st floor and 2nd floor of No. 18 and 20 Inverness Road, Kowloon Tong, Kowloon, Hong Kong with a total saleable area of approximately 9,196 square feet, at an aggregate consideration and other related expenses of HK\$169,500,000.

There has not been any interruption in the business of the Company which may have or have had a material adverse effect on the financial position of the Company since the date of the latest published audited financial statements for the year ended 31 March 2014.

APPENDIX II UNAUDITED FINANCIAL INFORMATION OF THE PROPERTIES

There are 4 units in the Properties are under leasing arrangements, namely Leung Property, Cheng Property, CG Property and Lam Property (“Leased Properties”)

1. PROFIT AND LOSS STATEMENT OF THE LEASED PROPERTIES

In accordance with Rule 14.69(4)(b)(i) of the Listing Rules, a profit and loss statement of the Leased Properties for the three financial years ended 31 March 2015 (“Relevant Financial Years”) is required to be included in this circular. The Company was provided with copies of the tenancy agreements (“Tenancy Agreements”) for the Leased Properties. Other than such limited information, despite requests made by the Company’s legal advisers in this transaction, the Company is unable to gain full access to the underlying books and records or other financial information of the Vendor regarding the direct costs and other expenses for the preparation of the financial information of the Leased Properties for the Relevant Financial Years in strict compliance with the requirements of Rule 14.69(4)(b)(i) of the Listing Rules. The Company has therefore applied to the Stock Exchange for a waiver from strict compliance with Rule 14.69(4)(b)(i) of the Listing Rules, such that the following information be disclosed instead. The financial information of the Leased Properties for each of the Relevant Financial Years set out below has been prepared by the Directors solely based on the Tenancy Agreements provided by the Vendor. Accordingly, it may not give a true picture of the performance of the Leased Properties during the Relevant Financial Years.

	For the year ended 31 March		
	2015	2014	2013
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Rental Income:			
Leung Property	46,548	—	—
Cheng Property	84,968	—	—
CG Property	124,500	120,000	115,500
Lam Property	113,600	108,000	108,000
	<u> </u>	<u> </u>	<u> </u>
Total	<u> 369,616 </u>	<u> 228,000 </u>	<u> 223,500 </u>

Notes:

1. The rental income for the Relevant Financial Years is derived from the Tenancy Agreements.

APPENDIX II UNAUDITED FINANCIAL INFORMATION OF THE PROPERTIES

2. Based on the Tenancy Agreements, gas, water, telephone and electricity charges were borne by the respective tenants of the Leased Properties. No management fees has to be paid. The rates and government rent paid on the Leased Properties were as follows:

	For the year ended 31 March		
	2015	2014	2013
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Estimated Rates and Government Rent			
Leung Property	2,534	14	14
Cheng Property	2,534	14	14
CG Property	2,520	—	—
Lam Property	—	—	—
	<u> </u>	<u> </u>	<u> </u>
Total	<u>7,588</u>	<u>28</u>	<u>28</u>

3. Based on the statutory tax rate of Hong Kong, the total property tax paid and payable in respect of the Tenancy Agreements were as follows:

	For the year ended 31 March		
	2015	2014	2013
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Estimated Property Tax			
Leung Property	5,281	—	—
Cheng Property	9,892	—	—
CG Property	14,637	14,400	13,860
Lam Property	13,632	12,960	12,960
	<u> </u>	<u> </u>	<u> </u>
Total	<u>43,442</u>	<u>27,360</u>	<u>26,820</u>

4. Save for the Tenancy Agreements and other publicly available information, the Directors do not have access to other financial information in relation to the Leased Properties. Due to the limited information available to them, the Directors, based on the terms of the Tenancy Agreements and the experience of the Company’s management, estimated that the other monthly expenses such as maintenance cost or insurance cost of the Leased Properties which are payable by the landlord is minimal. Accordingly, no other expenses such as maintenance cost, insurance cost or finance cost were included in the above financial information.
5. Save for the information that the Company could not obtain from the Vendor(s), the financial information of the Leased Properties set out above is prepared using accounting policies which are materially consistent with those of the Company.
6. The following procedures have been undertaken by Deloitte Touche Tohmatsu (“Deloitte”), the auditor of the Company, in accordance with the Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed Upon Procedures Regarding Financial Information” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), with respect to the Tenancy Agreements.

Deloitte:

- i. obtained the rental income summary and the rental income listing from the management of the Company and checked their arithmetical accuracy.
- ii. compared the total amounts of rental income for the three years ended 31 March 2015 as shown in the rental income summary to the respective total rental amounts as stated in the rental income listing.
- iii. compared the particulars in the rental income listing to the tenancy agreements which were provided to Deloitte by the management of the Company.

Deloitte's findings are:

- a. With respect to item i, Deloitte found that the rental income summary and the rental income listing were arithmetically accurate.
- b. With respect to item ii, Deloitte found that the total amounts of rental income for the three years ended 31 March 2015 as shown in the rental income summary were in agreement with the respective total rental amounts shown in the rental income listing.
- c. With respect to item iii, Deloitte found that the particulars as shown in the rental income listing were in agreement with those contained in the relevant tenancy agreements which were provided to Deloitte by the management of the Company.

Because the above procedures do not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements, issued by the HKICPA, Deloitte does not express any assurance on the rental income summary or the rental income listing.

Had Deloitte performed additional procedures or had Deloitte performed an assurance engagement on the rental income summary or the rental income listing in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements, Hong Kong Standards on Assurance Engagements issued by the HKICPA, other matters might have come to Deloitte's attention that would have been reported to the Company.

7. The directors of the Company are of the views that the omission of a profit and loss statement for the net income stream of the Leased Properties in the past would not render this circular materially incomplete and misleading or deceptive.

VALUATION OF THE LEASED PROPERTIES

No valuation of the Leased Properties at the end of the three years ended 31 March 2015 has been disclosed herein as the Directors were unable to obtain any valuation reports from the Vendor(s).

**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

The following is an illustrative and unaudited pro forma condensed consolidated statement of profit or loss and other comprehensive income 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 very substantial acquisition of the Properties (the “Very Substantial Acquisition”) as if the Very Substantial Acquisition has taken place on 1 April 2014.

This unaudited pro forma condensed consolidated statement of profit or loss and other comprehensive income of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture for the results of the Group had the Very Substantial Acquisition for the six months ended 30 September 2014 or for any future period.

APPENDIX III**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE GROUP**

	The Group for the six months ended 30 September 2014 <i>HK\$'000</i> (Unaudited) <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)
Turnover	128,455	144	128,599
Cost of goods sold and services rendered	<u>(107,186)</u>	<u>—</u>	<u>(107,186)</u>
Gross Profit	21,269	144	21,413
Other income	5,762	—	5,762
Other gains and losses	(64)	—	(64)
Other expenses	(161)	—	(161)
Distribution and selling expenses	(2,778)	—	(2,778)
Administrative expenses	(14,605)	—	(14,605)
Loss arising on changes in fair value of investment properties	(103,833)	—	(103,833)
Gain on fair value changes of investments held for trading	21,447	—	21,447
Gain on fair value change of financial assets designated as at fair value through profit or loss	648	—	648
Finance costs — interest on bank borrowings not wholly repayable within five years	<u>(2,870)</u>	<u>—</u>	<u>(2,870)</u>
(Loss) profit before taxation	(75,185)	144	(75,041)
Taxation	<u>(899)</u>	<u>—</u>	<u>(899)</u>
(Loss) profit for the period attributable to the owners of the Company	<u>(76,084)</u>	<u>144</u>	<u>(75,940)</u>

	The Group for the six months ended 30 September 2014 <i>HK\$'000</i> (Unaudited) <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)
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Change in fair value of available- for-sale investments	429	—	429
Exchange differences arising on translation of financial statements of foreign operations	2,926	—	2,926
Other comprehensive income for the period	<u>3,355</u>	<u>—</u>	<u>3,355</u>
Total comprehensive (expense) income for the period attributable to the owners of the Company	<u><u>(72,729)</u></u>	<u><u>144</u></u>	<u><u>(72,585)</u></u>

Notes:

1. The figures are extracted from the condensed consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 30 September 2014, as set out in the corresponding published interim report of the Company.
2. The adjustment represents rental income generated by the Properties with existing lease contracts for the six months ended 30 September 2014. No pro forma adjustment is made relating to the provision of income tax arose from this rental income as the assessable profit is wholly absorbed by the available tax losses of the Purchaser and the related direct operating expenses which are negligible.
3. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2014.

UNAUDITED PRO FORMA NET ASSETS STATEMENT

The following is an illustrative and unaudited pro forma net assets statement 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 very substantial acquisition of the Properties (the “Very Substantial Acquisition”) as if the Very Substantial Acquisition has taken place on 30 September 2014.

This unaudited pro forma net assets statement 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 Very Substantial Acquisition been completed as at 30 September 2014 or at any future date.

	The Group at 30 September 2014	Pro forma adjustments		Pro forma total for the Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)			(Unaudited)
	<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>	
Non-current assets				
Property, plant and equipment	546	—	—	546
Investment properties	830,325	—	—	830,325
Loans receivable	11,500	—	—	11,500
Available-for-sale investments	16,568	—	—	16,568
Deposit paid for acquisition of subsidiaries	30,000	—	—	30,000
	<u>888,939</u>	<u>—</u>	<u>—</u>	<u>888,939</u>
Current assets				
Properties held for development for sale	—	235,470	—	235,470
Trade and other receivables	26,337	—	—	26,337
Bills receivable	1,668	—	—	1,668
Loans receivable	17,500	—	—	17,500
Investments held for trading	104,415	—	—	104,415
Financial assets designated as at fair value through profit or loss	29,270	—	—	29,270
Bank deposits with original maturity of more than three months	12,821	—	—	12,821
Bank balances and cash	295,327	(235,470)	75	59,932
	<u>487,338</u>	<u>—</u>	<u>75</u>	<u>487,413</u>

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE GROUP**

	The Group at 30 September 2014	Pro forma adjustments		Pro forma total for the Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)			(Unaudited)
	<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>	
Current liabilities				
Trade and other payables	39,468	—	75	39,543
Tax payable	6,909	—	—	6,909
Secured bank borrowings	7,086	—	—	7,086
	<u>53,463</u>	<u>—</u>	<u>75</u>	<u>53,538</u>
Net current assets	<u>433,875</u>	<u>—</u>	<u>—</u>	<u>433,875</u>
Total assets less current liabilities	<u>1,322,814</u>	<u>—</u>	<u>—</u>	<u>1,322,814</u>
Non-current liabilities				
Convertible note	10,617	—	—	10,617
Deferred tax liabilities	15,265	—	—	15,265
Secured bank borrowings	151,369	—	—	151,369
	<u>177,251</u>	<u>—</u>	<u>—</u>	<u>177,251</u>
	<u><u>1,145,563</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>1,145,563</u></u>
Capital and reserves				
Share capital	5,627	—	—	5,627
Reserves	1,139,936	—	—	1,139,936
	<u>1,145,563</u>	<u>—</u>	<u>—</u>	<u>1,145,563</u>

Notes:

1. The figures are extracted from the condensed consolidated statement of financial position of the Group as at 30 September 2014, as set out in the corresponding published interim report of the Company for the six months ended 30 September 2014.
2. The adjustment represents (i) the Very Substantial Acquisitions by the Group for a consideration of HK\$182,000,000 with intention of property redevelopment with a view to sale; (ii) the incurrence of expenses directly attributable to the Very Substantial Acquisitions of approximately HK\$52,470,000, including non-refundable portion of Ad Valorem Stamp Duty of approximately HK\$6,863,000, commission fee of approximately HK\$16,380,000, legal and professional fees of approximately HK\$765,000 and payment of Ad Valorem Stamp Duty and Buyer Stamp Duty of HK\$28,462,000 which the Group is eligible to claim for refund later upon fulfillment of certain conditions pursuant to the relief applicable to purchase of residential properties for approved redevelopment under the Stamp Duty Ordinance and (iii) the directly attributable expenses related to compensation to one of the vendors for removal of HK\$1,000,000. The Group will settle the above consideration and directly attributable expenses, including the stamp duties, by cash.
3. In connection with the Very Substantial Acquisitions, rental deposit of HK\$75,000 will be transferred from the Vendors to the Group, in relation to the tenancy agreements of the Properties upon completion of the Very Substantial Acquisitions.
4. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2014.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**Deloitte.**
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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 net assets statement as at 30 September 2014 and the pro forma condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2014 and related notes as set out on pages III-1 to III-6 of the circular issued by the Company dated 22 April 2015 (the “Circular”). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages III-1 to III-6 of the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed very substantial acquisition of certain properties located at No. 11 and 13 Matheson Street, Causeway Bay, Hong Kong for an aggregate consideration of HK\$182,000,000 (the “Very Substantial Acquisition”) on the Group’s financial position as at 30 September 2014 and the Group’s financial performance for six months ended 30 September 2014 as if the Very Substantial Acquisition had taken place on 30 September 2014 and 1 April 2014 respectively. As part of this process, information about the Group’s financial position and financial performance has been extracted by the Directors from the Group’s unaudited condensed consolidated financial statements for the six months ended 30 September 2014, on which no review 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 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 Very Substantial Acquisition at 30 September 2014 or 1 April 2014 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
22 April 2015

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Knight Frank Petty Limited, an independent valuer, in connection with their valuation of the Properties as at 20 March 2015.



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The Directors
Easyknit Enterprises Holdings Limited
Block A, 7/F.,
Hong Kong Spinners Building, Phase 6
481-483 Castle Peak Road
Cheung Sha Wan
Kowloon, Hong Kong

22 April 2015

Dear Sirs

1st to the 5th Floors and Roofs, Nos 11 – 13 Matheson Street, Causeway Bay, Hong Kong (the “Properties”)

In accordance with the instructions from Easyknit Enterprises Holdings Limited (the “Company”) for us to value the Properties, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Properties as at 18 March 2015 (“Valuation Date”) for the purpose of disclosure in a public circular.

DEFINITION OF MARKET VALUE

In arriving at our opinion of market value, we have followed the HKIS Valuation Standards (2012 Edition) issued by the Hong Kong Institute of Surveyors (HKIS). Under the said standards, Market Value is defined as:

“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of an asset or liability is also estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

In undertaking the valuation, we have regarded the requirements contained in the HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board).

VALUATION METHODOLOGY

Our valuation is prepared by “Direct Comparison Approach” with reference to sales evidence as available in the market.

VALUATION ASSUMPTIONS AND CONDITIONS

Our valuations are subject to the following assumptions and conditions:—

Title Documents and Encumbrances

We have taken reasonable care to investigate the title of the Properties by obtaining land search records from the Land Registry. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We however do not accept a liability for any interpretation which we have placed on such information that is more properly the sphere of your legal advisers. We have also assumed in our valuation that the Properties were free from encumbrances, restrictions, title defects and outgoings of an onerous nature that could affect their values, unless stated otherwise as at the Valuation Date.

Disposal Costs and Liabilities

No allowance has been made in our report for any charges, mortgages or amounts owing on the Properties nor for any expenses or taxation which may be incurred in effecting a sale.

Source of Information

We have relied to a very considerable extent on information provided by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, lettings, occupancies, income, site and floor area and all other relevant matters. We have not verified the correctness of any information, including their translation supplied to us concerning the Properties, whether in writing or verbally by yourselves, your representatives or by your legal or professional advisers or by any (or any apparent) occupier of the Properties or contained on the register of title. We assume that this information is complete and correct.

Inspection

We inspected the external of the Properties on 30 March 2015. The inspection was undertaken by Ms Catherine Cheung, the Director of General Valuation Department. Nevertheless, we have assumed in our valuation that the Properties were in satisfactory exterior and interior decorative order without any unauthorised extensions or structural alterations as at the Valuation Date.

Identity of Property to be valued

We exercised reasonable care and skill (but will not have an absolute obligation to you) to ensure that the Properties, identified by the property addresses in your instructions, are the properties inspected by us and contained within our valuation report. If there is ambiguity as to the property addresses, or the extent of the properties to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

Property Insurance

We have valued the Properties on the assumption that, in all respects, it is insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

Areas and Age

As instructed, we have relied upon areas as available from a quoted source. Otherwise, dimensions and areas would be measured on-site or from plans and calculated in accordance with, where appropriate, the current HKIS Code of Measuring Practice and are quoted to a reasonable approximation, with reference to their source.

We have also assumed that the site areas, floor areas, measurements and dimensions shown on the documents handed to us are correct and in approximations only. Where the age of the building is estimated, this is for guidance only.

Structural and Services Condition

We were not instructed to undertake any structural surveys, test the services or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the Properties. Our valuation has therefore been undertaken on the basis that the Properties were in satisfactory repair and condition and contains no deleterious materials and that services function satisfactorily.

Ground Condition

We have assumed there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the site of the Properties are sufficient to support the building constructed or to be constructed thereon; and that the services are suitable for any existing or future development. Our valuation is therefore prepared on the basis that no extraordinary expenses or delays will be incurred in this respect.

Environmental Issues

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Properties are unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

Compliance with Relevant Ordinances and Regulations

We have assumed that the Properties had been constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the Properties upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorisation have been obtained, except only where otherwise stated.

We herein enclose our valuation.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited
Thomas H M Lam
FRICS MHKIS MCIREA MHKSI RPS(GP) RICS
Registered Valuer
*Senior Director, Head of Valuation &
Consultancy*

Yours faithfully
For and on behalf of
Knight Frank Petty Limited
Catherine Cheung
MRICS MHKIS RPS(GP)
Director, General Valuation

Notes: Thomas H M Lam is a Chartered Surveyor who has extensive experiences in market research, valuation and consultancy in China, Hong Kong, Macau and Asia Pacific region (ex-Japan).

Catherine Cheung, MRICS MHKIS RPS(GP), has been a qualified valuer with Knight Frank since 1992 and has over 20 years' experience in the valuation of properties in Hong Kong.

Enc

VALUATION

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 18 March 2015
<p>1. The 1st to the 5th Floors and Roofs, Nos 11-13 Matheson Street, Causeway Bay, Hong Kong</p> <p>10/14th equal and undivided shares of and in Sections Q and R of Inland Lot No 730.</p>	<p>The Properties comprise two office units on 1st Floor and 8 domestic units on the 2nd to the 5th floors together with the roofs appurtenant to within a 6-storey (excluding a cockloft) tenement block located within the hub of Causeway Bay which is predominated by composite commercial/office developments, composite commercial/residential developments, ginza-type developments and hotel developments of various ages and heights. The subject tenement block was completed in 1965. Vertical access within the subject tenement block is provided by means of a common staircase.</p>	<p>As per the information provided by the Company, as at the Valuation Date, portion of the Properties is subject to tenancies and the detailed occupancies and leasing status were summarized in Note 4. We are instructed by the Company to value the Properties assuming immediate vacant possession is available.</p>	<p>HK\$185,000,000</p> <p>(Hong Kong Dollars One Hundred and Eighty Five Million)</p>
	<p>The total saleable areas of the Properties (excluding the roof area) are approximately 4,480 sq ft plus roof area of approximately 656 sq ft as measured from the approved building plans. The building is erected on a site having a site area of about 1,836 sq ft.</p>		
	<p>Inland Lot No 730 is held under a Government Lease for a term of 999 years from 1 September 1881.</p>		
	<p>The total annual Government rent for the subject lot sections is HK\$28.</p>		

Notes:

- (1) The registered owners of the Properties, as at the Valuation Date, were shown as follows:

Flat Unit	Name of Registered Owners
1st Floor, No 11 Matheson Street	Leung Lai Ha and Leung Chi Wo Vico (Tenants in Common)
2nd Floor, No 11 Matheson Street	Tsang Kam Oi Susanna
3rd Floor, No 11 Matheson Street	Woo Hon Wah
4th Floor, No 11 Matheson Street	Lee Kuen and Cheung Cheuk Han Kamily and Cheung Cheuk Ling Charing (Joint Tenants)
5th Floor & Roof, No 11 Matheson Street	Fan Siu Ying (1/4) & Cheung Cheuk Yu (3/4) (tenants in common)
1st Floor, No 13 Matheson Street	Cheung Yun Nin Elita
2nd Floor, No 13 Matheson Street	City Glory Development Limited
3rd Floor, No 13 Matheson Street	Tam Wai Cheung
4th Floor, No 13 Matheson Street	Lam Chan Fun
5th Floor & Roof, No 13 Matheson Street	Liu Po Yung

- (2) As at the Valuation Date, the Properties were subject to the following encumbrances as per the land search records:

- i. Deed of Mutual Covenants vide memorial no UB518944 dated 3 January 1966.
- ii. Order No UBZ/U07-10/0009/08 issued by the Building Authority under Section 24(1) of the Buildings Ordinance vide memorial no 09112500830112 dated 4 March 2009 (re: 1/F, No 11 Matheson Street only).
- iii. Order No UBZ/U07-10/0007/08 issued by the Building Authority under Section 24(1) of the Buildings Ordinance vide memorial no 09112500830098 dated 4 March 2009 (re: 2/F, No 11 Matheson Street only).
- iv. Order No UBZ/U07-10/0001/08 issued by the Building Authority under Section 24(1) of the Buildings Ordinance vide memorial no 09112402230163 dated 4 March 2009 (re: 5/F & roof, No 11 Matheson Street only).
- v. Order No UBZ/U07-10/0008/08 issued by the Building Authority under Section 24(1) of the Buildings Ordinance vide memorial no 09112500830108 dated 4 March 2009 (re: 2/F, No 13 Matheson Street only).
- vi. Order No UBZ/U07-10/0002/08 issued by the Building Authority under Section 24(1) of the Buildings Ordinance vide memorial no 09112500830048 dated 4 March 2009 (re: 5/F & roof, No 13 Matheson Street only).
- vii. Superseding Order No UBZ/U07-10/0017/08 issued by the Building Authority under Section 24(1) of the Buildings Ordinance vide memorial no 10020502210059 dated 4 December 2009.

- (3) The Properties were situated within an area zoned for “Commercial” uses under the draft Causeway Bay Outline Zoning Plan No S/H6/15 exhibited on 17 September 2010 as at the Valuation Date.

- (4) The occupancies and leasing status of the Properties as advised by the Company are shown below:

Flat Unit	Lease Term	Monthly Rent
1st Floor, No 11 Matheson Street	27/8/2014 to 26/8/2015	HK\$6,500 (inclusive of management fees & government rates)
2nd Floor, No 11 Matheson Street	will be licensed to the existing registered owner free of rental for 3 months after the date of completion	—

Flat Unit	Lease Term	Monthly Rent
3rd Floor, No 11 Matheson Street	will be licensed to the existing registered owner free of rental for 3 months after the date of completion	—
4th Floor, No 11 Matheson Street	will be licensed to the existing registered owner free of rental for 3 months after the date of completion	—
5th Floor & Roof, No 11 Matheson Street	will be licensed to the existing registered owner free of rental for 3 months after the date of completion	—
1st Floor, No 13 Matheson Street	Self use portion: will be licensed to the existing registered owner free of rental for 2 months after the date of completion. Leased portion: leased to 2 tenants. Tenant 1 — 25/12/2014 to 24/12/2015; Tenant 2: monthly tenancy	Tenant 1: HK\$5,300 (inclusive of management fees & government rates); Tenant 2: HK\$8,000 (inclusive of management fees & government rates)
2nd Floor, No 13 Matheson Street	1/7/2014 to 30/6/2015	HK\$10,500 (inclusive of management fees & government rates)
3rd Floor, No 13 Matheson Street	will be licensed to the existing registered owner free of rental for 3 months after the date of completion	—
4th Floor, No 13 Matheson Street	1/9/2014 to 31/8/2015	HK\$9,800 (exclusive of management fees & government rates)
5th Floor & Roof, No 13 Matheson Street	will be licensed to the existing registered owner free of rental for 3 months after the date of completion	—

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 or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interest in Shares, underlying Shares and debentures

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 Shares held (long position)	Number of underlying Shares held	Total	Approximate percentage of interest
Ms. Lui Yuk Chu	Beneficiary of a trust (note i)	10,370,311	1,877,934	12,248,245	48.37%
Ms. Koon Ho Yan Candy	Beneficiary of a trust (note ii)	10,370,311	1,877,934	12,248,245	48.37%

Notes:

- (i) These Shares are respectively registered in the name of and are beneficially owned by Landmark Profits Limited (“**Landmark Profits**”) and Goodco, both are wholly-owned subsidiaries of Easyknit International. Sea Rejoice Limited is interested in approximately 21.95% of the issued share capital of Easyknit International and it is wholly-owned by Ms. Lui Yuk Chu. Magical Profits Limited (“**Magical Profits**”) is interested in approximately 36.74% of the issued share capital of Easyknit International. Magical Profits is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by The Winterbotham Trust Company Limited (“**Winterbotham Trust**”) as the new trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members other than her spouse) since 3 June 2014.

- (ii) 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.

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) Substantial Shareholders' interest in Shares and underlying Shares

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 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 Shares held (long position)	Number of underlying Shares held	Total	Approximate percentage of interest
Koon Wing Yee	<i>i</i>	Interest of spouse	10,370,311	1,877,934	12,248,245	48.37%
Landmark Profits	<i>i & ii</i>	Beneficial owner	2,121,304	—	2,121,304	8.38%
Goodco	<i>i & ii</i>	Beneficial owner	8,249,007	1,877,934	10,126,941	39.99%
Easyknit International	<i>i & ii</i>	Interest of controlled corporation	10,370,311	1,877,934	12,248,245	48.37%
Magical Profits	<i>i & iii</i>	Interest of controlled corporation	10,370,311	1,877,934	12,248,245	48.37%

Name of Shareholder	Note	Capacity	Number of Shares held (long position)	Number of underlying Shares held	Total	Approximate percentage of interest
Accumulate More Profits Limited	<i>i</i>	Interest of controlled corporation	10,370,311	1,877,934	12,248,245	48.37%
Winterbotham Trust	<i>i & iv</i>	Trustee	10,370,311	1,877,934	12,248,245	48.37%
Winterbotham Holdings Limited	<i>iv</i>	Interest of controlled corporation	10,370,311	1,877,934	12,248,245	48.37%
Markson International Holdings Limited	<i>iv</i>	Interest of controlled corporation	10,370,311	1,877,934	12,248,245	48.37%
Christopher Geoffrey Douglas Hooper	<i>iv</i>	Interest of controlled corporation	10,370,311	1,877,934	12,248,245	48.37%
Ivan Geoffery Douglas Hooper	<i>iv</i>	Interest of controlled corporation	10,370,311	1,877,934	12,248,245	48.37%

Notes:

- (i) In the 10,370,311 Shares, 2,121,304 Shares and 8,249,007 Shares are registered in the name of and beneficially owned by Landmark Profits and Goodco respectively, both are the wholly-owned subsidiaries of Easyknit International. Goodco is also interested in 1,877,934 underlying Shares (subject to adjustment) to be issued upon the full conversion of the convertible note. Sea Rejoice Limited is interested in approximately 21.95% of the issued share capital of Easyknit International and it is wholly-owned by Ms. Lui Yuk Chu, a Director. Magical Profits is interested in approximately 36.74% of the issued share capital of Easyknit International. Magical Profits is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by Winterbotham Trust as the new trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members other than her spouse) since 3 June 2014. 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 10,370,311 Shares and 1,877,934 underlying Shares by virtue of the SFO.
- (ii) Mr. Kwong Jimmy Cheung Tim and Ms. Lui Yuk Chu, being Directors, are also directors of Landmark Profits, Goodco and Easyknit International. Ms. Koon Ho Yan Candy, being a Director, is also a Director of Easyknit International.
- (iii) Ms. Lui Yuk Chu, being a Director, is also a director of Sea Rejoice Limited and Magical Profits.

- (iv) With effect from 3 June 2014, Winterbotham Trust became the new trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members other than her spouse). Winterbotham Trust is owned as to 75% by Winterbotham Holdings Limited (“Winterbotham Holdings”) and 25% by Markson International Holdings Limited (“Markson”) respectively. Winterbotham Holdings is owned as to approximately 99.99% by Mr. Christopher Geoffrey Douglas Hooper. And Markson is owned as to 60% by Mr. Christopher Geoffrey Douglas Hooper and 40% by Mr. Ivan Geoffrey Douglas Hooper respectively.

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 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.

3. 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).

4. MATERIAL CONTRACTS

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

- (a) the placing agreement dated 11 September 2013 entered into between the Company and Kingston Securities Limited, as the placing agent, to place 329,540,000 new shares of the Company at a placing price of HK\$0.063 per share;
- (b) the underwriting agreement dated 3 October 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 247,163,250 rights shares at the subscription price of HK\$0.60 per rights share;
- (c) the subscription agreement dated 16 January 2014 entered into between the Company and Goodco, the substantial shareholder of the Company and a wholly-owned subsidiary of Easyknit International as the subscriber, agreed to subscribe a convertible note issued by the Company in the aggregate principal amount of HK\$100,000,000 which may be converted into 147,058,823 shares at the initial conversion price of HK\$0.68 per share (subject to adjustment);

- (d) the placing agreement dated 6 June 2014 entered into between the Company and Kingston Securities Limited, as the placing agent, to place 65,200,000 new shares of the Company at a placing price of HK\$0.35 per share;
- (e) the placing agreement dated 11 August 2014 entered into between the Company and Get Nice Securities Limited, as the placing agent, to place 78,000,000 new shares of the Company at a placing price of HK\$0.30 per share;
- (f) the underwriting agreement dated 5 September 2014 entered into between the Company and Get Nice Securities Limited, as the underwriter, in relation to the underwriting and certain other arrangements in respect of a rights issue of 450,132,472 rights shares at the subscription price of HK\$0.70 per right share; and
- (g) the underwriting agreement dated 2 February 2015 entered into between the Company and Get Nice Securities Limited, as the underwriter, in relation to the underwriting and certain other arrangements in respect of a rights issue of 506,399,020 rights shares at the subscription price of HK\$0.65 per rights share.

5. DIRECTORS' INTEREST 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 2014 (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. DIRECTORS' INTEREST 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.

7. LITIGATION

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

8. EXPERTS AND CONSENTS

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

Name	Qualification
Knight Frank Petty Limited	Independent Professional Valuer
Deloitte Touche Tohmatsu	Certified Public Accountants

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

- (a) any direct or indirect interest in any assets which have been, since 31 March 2014 (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 experts have given and have not withdrawn their written consents to the issue of this circular with the inclusion of their letters and the references to their names in the form and context in which they appear.

9. GENERAL

- (a) The company secretary of the Company is Mr. Lee Po Wing, a practising solicitor since 1994 with extensive experience in legal field;
- (b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business of the Company in Hong Kong is at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong;
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong; and
- (d) The English text of this circular 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 Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong for a period of 14 days from the date of this circular:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company containing audited consolidated financial statements of the Company for the three years ended 31 March 2012, 2013 and 2014;
- (c) the 2014 interim report of the Company for the six months ended 30 September 2014;
- (d) the unaudited financial information of the Properties for the three years ended 31 March 2013, 2014 and 2015 as set out in Appendix II to this circular;
- (e) the letter from Deloitte Touche Tohmatsu in respect of the unaudited pro forma financial information of the Group upon completion of the Acquisition as set out in Appendix III to this circular;
- (f) the valuation report prepared by Knight Frank Petty Limited, the text of which is set out in Appendix IV to this circular;
- (g) the letters of consent referred to in the paragraph headed "Experts and consents" in this appendix;
- (h) the material contracts referred to the paragraph headed "Material contracts" in this appendix;
- (i) a copy of each circular issued pursuant to the requirement set out in Chapter 14 and/or 14A of the Listing Rules which has been issued since the date of the latest published audited accounts;
- (j) the Provisional Agreements; and
- (k) 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 OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “Meeting”) of Easyknit Enterprises Holdings Limited (永義實業集團有限公司) (the “Company”) will be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong, on Monday, 11 May 2015, at 9:10 a.m. for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the transaction contemplated under the Provisional Agreements (as defined and detailed in the circular of the Company dated 22 April 2015, copies of which is marked “A” and signed by the chairman of the Meeting for identification purpose has been tabled at the Meeting) for the acquisition of 10 property units situated at 1st floor, 2nd floor, 3rd floor, 4th floor; 5th floor and the roof of Nos. 11 and 13 Matheson Street, Causeway Bay, Hong Kong at an aggregate consideration and other related expenses of HK\$183,000,000 be and are hereby approved, ratified and confirmed; and
- (b) the directors of the Company be and are authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and take all such actions as they consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Provisional Agreements and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the directors of the Company, in the interests of the Company and its shareholders as a whole.”

By Order of the Board

EASYKNIT ENTERPRISES HOLDINGS LIMITED

Kwong Jimmy Cheung Tim

Chairman and Chief Executive Officer

Hong Kong, 22 April 2015

* *for identification purposes only*

NOTICE OF SPECIAL GENERAL MEETING

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:

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

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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding of the above Meeting.
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 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.