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

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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)**

**PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE  
REVISED CONVERSION SHARES;  
PROPOSED REFRESHMENT OF GENERAL MANDATE TO  
ISSUE NEW SHARES  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders**



**大有融資有限公司**  
**MESSIS CAPITAL LIMITED**

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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 18 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 Thursday, 7 January 2016 at 9:10 a.m. is set out on pages N-1 to N-4 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*

18 December 2015

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## DEFINITIONS

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

“2014 Refreshed General Mandate”	the general mandate was refreshed and granted by the independent Shareholders on 9 December 2014 authorising the Directors to allot, issue and deal in 101,279,806 Shares
“AGM”	the annual general meeting of the Company held on 18 August 2015
“Board”	the board of Directors
“Company”	Easyknit Enterprises Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Conversion Price”	the initial conversion price of HK\$0.85 (subject to adjustment) per Conversion Share or the automatically adjusted conversion price of HK\$1.81 (subject to adjustment) per Conversion Share as a result of capital reorganisation and rights issue or the revised conversion price of HK\$0.33 (subject to adjustment) per Conversion Share as a result of Proposed Alteration, as the case may be
“Conversion Shares”	the Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Note
“Convertible Note”	the 2% coupon convertible note in principal amount of HK\$86 million issued by the Company to the Noteholder on 12 June 2015 pursuant to the Subscription Agreement
“Deed of Amendment”	the deed of amendment dated 27 November 2015 and entered into between the Company and the Noteholder in relation to the Proposed Alteration

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## DEFINITIONS

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“Director(s)”	director(s) of the Company
“Existing General Mandate”	the general mandate granted by the Shareholders at the AGM to the Directors to allot, issue and deal in 106,343,794 Shares, representing 20% of the issued share capital of the Company as at the date of AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all three independent non-executive Directors formed for the purpose of advising the Independent Shareholders on the grant of Issue Mandate
“Independent Financial Adviser” or “Messis”	Messis Capital Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Refreshment of General Mandate
“Independent Shareholder(s)”	the Shareholder(s) other than the controlling Shareholders and their respective associates or, if there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates
“Independent Third Party”	third party(ies) independent of the Company and connected persons of the Company
“Issue Mandate”	the new mandate proposed to be sought at the SGM to authorise the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the relevant resolution at the SGM

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## DEFINITIONS

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“Latest Practicable Date”	16 December 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Noteholder”	Madian Star Limited, an investment holding company incorporated in the British Virgin Islands with limited liability
“percentage ratios”	as defined in the Listing Rules
“Project Matheson”	the project of redevelopment of the buildings located at No. 11, 13 and 15 Matheson Street, Causeway Bay, Hong Kong
“Proposed Alteration”	the proposed alteration of Conversion Price of the Convertible Note as contemplated under the Deed of Amendment
“Revised Conversion Shares”	a total of 260,606,060 Conversion Shares to be allotted and issued upon the conversion of the Convertible Note at the revised Conversion Price as a result of the Proposed Alteration
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, passing the ordinary resolutions that will be proposed to approve (i) the Proposed Alteration, (ii) the proposed grant of Specific Mandate to issue Revised Conversion Shares; and (iii) the granting of the Issue Mandate
“Specific Mandate”	the specific mandate proposed to be granted to the Directors to allot and issue the Revised Conversion Shares at the SGM
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

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## DEFINITIONS

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“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 26 May 2015 entered into between the Company and the Noteholder in relation to the subscription and issue of the Convertible Note
“Target Property”	ground floor, No. 11 Matheson Street, Causeway Bay, Hong Kong.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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LETTER FROM THE BOARD

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**EASYKNIT ENTERPRISES HOLDINGS LIMITED**

**永義實業集團有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 0616)**

*Executive Directors:*

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

Ms. Lui Yuk Chu  
*(Deputy Chairman)*

Ms. Koon Ho Yan Candy

*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

18 December 2015

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE**

**REVISED CONVERSION SHARES**

**AND**

**PROPOSED REFRESHMENT OF GENERAL MANDATE TO ISSUE NEW SHARES**

**INTRODUCTION**

On 27 November 2015, the Company and the Noteholder entered into the Deed of Amendment, pursuant to which the parties thereto have conditionally agreed the Proposed Alteration.

\* *for identification purposes only*

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## LETTER FROM THE BOARD

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As the Existing General Mandate can only issue up to 106,343,794 Shares as at the Latest Practicable Date, which is insufficient for the issuance of the Revised Conversion Shares, the Company therefore seeks approval for a specific mandate from the Shareholders at the SGM regarding the issue of the Revised Conversion Shares in accordance with terms and conditions of the Deed of Amendment.

In addition, as the results of the Rights Issue, the Company allotted and issued 1,063,437,940 Shares on 3 November 2015, the issued share capital of the Company has been enlarged to 1,116,609,837 Shares. As a result of the increase in the issued share capital of the Company as described above, the Existing Issue Mandate (which has not been utilized up to the Latest Practicable Date) only represent approximately 9.52% of the existing issued share capital of the Company subsequent to the Rights Issue, the Company hereby proposed to refresh the Existing General Mandate at the SGM.

The purpose of this circular is to provide you with information relating to (i) the Deed of Amendment and its Proposed Alteration and the transactions contemplated thereunder and the Specific Mandate; (ii) the proposed refreshment of the Existing General Mandate to issue new Shares; (iii) a letter from the Independent Board Committee containing its advice to the Independent Shareholders in respect of the refreshment of the Existing General Mandate; (iv) a letter from Messis containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the refreshment of the Existing General Mandate; and (v) a notice of SGM.

### RELEVANT BACKGROUND

Reference is made to (i) the announcement of the Company dated 29 May 2015 in relation to the issue of the Convertible Note; (ii) the announcement of the Company dated 14 October 2015 in relation to the adjustment of the conversion price of Convertible Note; and (iii) the announcement of the Company dated 27 November 2015 in relation to the Proposed Alteration.

On 29 May 2015, the Company and the Noteholder entered into the Subscription Agreement in respect of the issue of the Convertible Note in the principal amount of HK\$86 million. The Convertible Note was issued to the Noteholder on 12 June 2015. The initial conversion price of the Conversion Shares was HK\$0.85 per Conversion Share, a total of 101,176,470 Conversion Shares will be issued, representing approximately 15.99% of the enlarged issued share capital of the Company. The Convertible Note carries an interest of 2% per annum and would fall due on 12 June 2017.

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## LETTER FROM THE BOARD

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Following the completion of capital reorganisation and rights issue of the Company, the conversion price of Convertible Note was automatically adjusted from HK\$0.85 to HK\$1.81 on 14 October 2015, a total of 47,513,812 Conversion Shares will be issued, representing approximately 4.26% of the enlarged issued capital of the Company.

For the reasons as explained in “Reasons for the Proposed Alteration” below, the Company and the Noteholder agree to alter the terms of the Convertible Note subject to the terms and conditions of the Deed of Amendment.

### DEED OF AMENDMENT AND PROPOSED ALTERATION

#### (1) Parties and Date

Date: 27 November 2015

Issuer: the Company

Subscriber: Madian Star Limited, as Noteholder

As at the Latest Practicable Date, except the Convertible Note, the Noteholder does not have any interests in the Company.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, the Noteholder and its ultimate beneficial owner are third party independent of the Group and its connected persons.

#### (2) Principal terms of the Proposed Alteration

The Proposed Alteration was arrived at after arm’s length negotiations between the Company and the Noteholder in relation to the conversion price of the Convertible Note will be adjusted from HK\$1.81 per Conversion Share to HK\$0.33 per Conversion Share.

Apart from the Proposed Alteration, the terms and conditions of the Convertible Note remain intact and unchanged as follows:

Principal amount: HK\$86,000,000

Denomination: HK\$1,000,000 each

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## LETTER FROM THE BOARD

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Issue price:	100% of the principal amount
Interest:	2% per annum payable on the maturity date
Maturity Date:	the date falling on the second anniversary of the Issue Date
Conversion Price:	the Conversion Price is subject to adjustment provisions as summarized in the sub-paragraph headed “Conversion Price adjustments” below.
Conversion Price adjustments:	<p>The Conversion Price will from time to time be adjusted upon the occurrence of certain events, including the following:</p> <ul style="list-style-type: none"><li>(i) consolidation, sub-division or re-classification of the Shares;</li><li>(ii) capitalisation of profits or reserves;</li><li>(iii) capital distribution to holders of Shares;</li><li>(iv) offer to Shareholders new Shares for subscription by way of rights, or grant to Shareholders any options, warrants or other rights to subscribe for any new Shares at a price which is less than 80% of the market price as at the date of the announcement of the terms of the offer or grant;</li><li>(v) issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share initially receivable for such securities is less than 80% of the market price as at the date of the announcement of the terms of issue of such securities;</li></ul>

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## LETTER FROM THE BOARD

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- (vi) when the rights of conversion or exchange or subscription attached to any such securities as are mentioned in (v) above are modified so that the total effective consideration per Share initially receivable for such securities will be less than 80% of the market price as at the date of the announcement of such proposal;
- (vii) when the Company issue wholly for cash any Shares at a price per Share which is less than 80% of the market price as at the date of the announcement of the terms of such issue; and
- (viii) when the Company issue Shares for the acquisition of assets at a total effective consideration per Share which is less than 80% of the market price at the date of the announcement of the terms of such issue.

Conversion Rights: The Noteholder will have the right, on any Business Day during the Conversion Period, to convert the whole or part of such principal amount of the Convertible Note set out therein into the Conversion Shares at the Conversion Price (subject to adjustments).

No exercise of the Conversion Rights attaching to the Convertible Note shall be allowed if (i) immediately following the conversion, Easyknit Enterprises will be unable to meet the public float requirement under Rule 8.08 of the Listing Rules; or (ii) such conversion is prohibited under the Takeovers Code.

Redemption at Maturity: Unless previously redeemed, converted or purchased and cancelled, the Convertible Note are to be redeemed on maturity at 100% of the outstanding principal amount together with accrued and unpaid interest thereon on the maturity date.

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## LETTER FROM THE BOARD

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**Early Redemption:** At the option of the Company, the Convertible Note may be redeemed in amounts of HK\$1,000,000 or integral multiples thereof on any Business Day prior to the maturity date at 100% of the principal amount outstanding under the Convertible Note together with all interest accrued thereon up to and including the date of redemption.

At the option of the Subscriber, the Convertible Note may be redeemed in amounts of HK\$1,000,000 or integral multiples thereof at any time three months after the date of issue of the Convertible Note at 100% of the principal amount outstanding under the Convertible Note together with all interest accrued thereon up to and including the date of redemption.

**Ranking of Conversion Shares:** The Conversion Shares shall rank *pari passu* in all respects with all other Shares in issue as at the date of conversion and be entitled to all dividends, bonus and other distributions, the record date of which falls on a date on or after the date of conversion.

**Transferability:** The Convertible Note may, upon obtaining the written approval of the Company, be assigned and transferred (whether in whole or in part(s)) provided that no assignment or transfer shall be made to a connected person (within the meaning ascribed thereto in the Listing Rules) of the Company without the prior approval of the Company and provided further that the principal amount to be assigned or transferred is at least HK\$1,000,000 and in integral multiples of HK\$1,000,000 unless the amount of the outstanding Convertible Note is less than HK\$1,000,000 in which case the whole (but not part only) of that amount may be assigned and transferred.

**Status:** The obligations of the Company arising under the Convertible Note constitute direct, unconditional, unsecured and unsubordinated obligations of the Company and rank *pari passu* and rateably without preference (with the exception of obligations in respect of taxes and certain other statutory exceptions) equally with all other present and future unsecured and unsubordinated obligations of the Company.

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## LETTER FROM THE BOARD

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No application will be made for a listing of the Convertible Note on the Stock Exchange or any stock or securities exchange.

Voting: The Noteholder will not be entitled to attend or vote at any meetings of the Company by reason only of it being the Noteholder.

The Conversion Shares will rank pari passu in all respect with the Shares in issue as at the date of the allotment and issue of the Conversion Shares.

No application will be made for listing of, or permission to deal in, the Convertible Note on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be allotted and issued under the Convertible Note as a result of the Proposed Alteration.

Upon the full conversion of the Convertible Note at the revised Conversion Price, ie. HK\$0.33 per Share, a total of 260,606,060 Revised Conversion Shares will be issued, representing 23.34% of the issued share capital of the Company as at the Latest Practicable Date and approximately 17.86% of the issued share capital of the Company as enlarged by the allotment and issue of the Revised Conversion Shares.

The revised Conversion Price of HK\$0.33 per Conversion Shares was arrived at after arm's length negotiation between the Company and the Noteholder and represents:

- (i) a discount of approximately 16.46% over the closing price of HK\$0.395 per Share as quoted on the Stock Exchange on 26 November 2015, being the last trading day immediately before the entering into the Deed of Amendment; and
- (ii) a discount of approximately 17.29% over the 5 trading days' average of the closing price per Share of HK\$0.399, being the last 5 trading days up to and including 26 November 2015, being the last trading day immediately before the entering into of the Deed of Amendment.

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## LETTER FROM THE BOARD

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### (3) Conditions precedent

Completion is conditional upon the fulfillment of the following conditions precedent:

- (a) the passing by the Shareholders at the SGM to be convened and held, of the necessary resolution to approve the proposed Specific Mandate;
- (b) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Revised Conversion Shares to be allotted and issued under the Convertible Note as a result of the Proposed Alteration.

If any of the above conditions are not fulfilled on or before 31 January 2016 or such later date as the Company and the Noteholder may agree, the Deed of Amendment will lapse and become null and void and the parties shall be released from all obligations thereunder, save the liabilities for any antecedent breaches thereof.

### REASONS FOR THE PROPOSED ALTERATION

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

In view of the average 30 days' trading prices of the Shares upon the completion of capital reorganisation and rights issue prior to the date of the Deed of Amendment of HK\$0.48 per Share is substantially lower than the automatically adjusted conversion price of HK\$1.81 per Conversion Share. The new Conversion Price will provide incentive to the holder of the Convertible Note to exercise the conversion rights attaching to the Convertible Note, which could strengthen the capital base and financial position of the Company and provide the Company with greater flexibility in operating its business upon exercise of the conversion rights attached to the Convertible Note.

As such, the Board considers that Proposed Alteration is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### EFFECT OF ON SHAREHOLDING STRUCTURE

	As at the Latest Practicable Date (assuming full conversion of the Convertible Notes)		Immediately upon the issue of Revised Conversion Shares as a result of the full conversion of the Convertible Note at the Conversion Price	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
<b>Substantial Shareholders</b>				
Landmark Profits	93,549,498	8.03	93,549,498	6.41
Goodco				
— Shares	363,781,194	31.22	363,781,194	24.93
— underlying Shares of the outstanding 2014 Convertible Note (Notes 2 and 3)	880,281	0.08	880,281	0.06
Sub-total	458,210,973	39.33	458,210,973	31.40
<b>The Noteholder</b>				
— the underlying Shares of Convertible Note	47,513,812	4.08	260,606,061	17.86
<b>Public EE Shareholders</b>	659,279,145	56.59	659,279,145	53.74
<b>Total</b>	1,165,003,930	100.00	1,425,609,991	100.00

### SPECIFIC MANDATE

The Revised Conversion Shares will be allotted and issued under the Specific Mandate to be granted to the Directors by a resolution of the Shareholders passed at the SGM. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the new Shares to be issued pursuant to the Deed of Amendment.

### PROPOSED REFRESHMENT OF GENERAL MANDATE TO ISSUE NEW SHARES

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

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## LETTER FROM THE BOARD

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At the AGM, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to allot, issue and deal with up to 106,343,794 new Shares, representing 20% of the aggregate nominal amount of issued Shares as at the date of the AGM. As at the Latest Practicable Date, no Share was issued under the Existing General Mandate.

As at the Latest Practicable Date, the Company has not made any refreshment of the Existing General Mandate since the AGM. Other than 2014 Convertible Note and Convertible Note, there is no outstanding options, warrants, convertible securities or other rights to subscribe for Shares.

### **Reasons for the Refreshment of General Mandate**

On 6 August 2015, the Board announced the rights issue of the Company at the subscription price of HK\$0.48 per rights share on the basis of 20 rights shares for every one Shares held on the record date (the “**Rights Issue**”). As a result of the Rights Issue, the Company allotted and issued an aggregate of 1,063,437,940 Shares on 3 November 2015. Accordingly, the issued share capital of the Company has been enlarged to 1,116,609,837 Shares.

As a result of the increase in the issued share capital of the Company as described above, the existing Issue Mandate (which has not been utilized up to the Latest Practicable Date) only represents approximately 9.52% of the existing issued share capital of the Company subsequent to the Rights Issue. The Directors consider that the proposed refreshment of the Existing General Mandate will give the Board the required flexibility for any future allotment and issue of Shares on behalf of the Company as and when considered necessary. When there shall be any further funding needs or if attractive offer for investment in the Shares is received from potential investors before the next annual general meeting, the Board will be able to respond to the market and such investment offer promptly by considering the issue of Shares at the maximum of 20% of the issued share capital of the Company as at the date of the SGM. The Board believes that fund raising exercise pursuant to a general mandate is simpler and faster than other types of fund raising exercises and removes uncertainties in circumstances when specific mandate may not be obtained in a timely manner. Accordingly, the Directors consider that the Refreshment of General Mandate is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company has not identified any other concrete fund raising plan with any financial institutions and has not contemplated any further fund raising exercise.

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## LETTER FROM THE BOARD

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However, the proceeds from the Rights Issue may not satisfy the upcoming financing needs as the Company has filed an application to the Lands Tribunal for an order to sell all the undivided shares in a building for the purposes of redevelopment so as to acquire the Target Property on 1 December 2015. Target Property is the last property unit to be acquired in the Project Matheson. According to the legal advisers of the Company, the grant of sale order and public auction may require nine months from the date of application. The timing will depend on, amongst others, the response time by the owner of the Target Property. The Directors however noted that it is possible that an agreement may be reached before the courts grant an order for sale (negotiations with the owner of the Target Property have been conducted simultaneously with the aforesaid application).

Based on the valuation report conducted by an independent third party valuer, the existing value of the Target Property was approximately HK\$150 million as at 27 November 2015.

The Board confirmed that a total of approximately HK\$30 million raised through previous fund raising activities has thus far been earmarked for the acquisition of the Target Property. Having considered the present lesser favourable conditions in the property market, there may be a possibility that an agreement may be reached with the owner of the Target Property before the courts grant the sale order, therefore the Directors are of the view that it is prudent for the Company to obtain a Refreshment of General Mandate at the current time in order to obtain a partial funding to prepare for the potential acquisition of or the possible public auction for the Target Property, as the case may be.

Hence, the Board does not rule out the possibility that the Company will conduct further debt and/or equity fund raising exercises when suitable fund raising opportunities arise in order to support the aforesaid compulsory sale of that unit. By refreshing the Existing General Mandate, the Group will have greater financial flexibility and be able to maximize the fund raising amounts to capture any fund raising opportunities. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

As at the Latest Practicable Date, the Company had an aggregate of 1,116,609,837 Shares in issue. Assuming that no Shares will be issued or repurchased by the Company on or before date of the SGM and subject to the passing of the ordinary resolution for the approval of the grant of the Issue Mandate, the Company would be allowed under the Issue Mandate to allot, issue or otherwise deal with up to 223,321,967 Shares, representing 20% of the issued share capital of the Company as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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

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

### **FUND RAISING ACTIVITIES OF THE COMPANY FOR THE PAST 24 MONTHS**

The fund raising activities of the Company during the past 24 months immediately before the Latest Practicable Date are set in Appendix I to this circular.

### **SGM**

The SGM will be convened and held for the purposes of considering and, if thought fit, pass the relevant resolutions to approve (i) the proposed Specific Mandate; and (ii) the proposed refreshment of the Existing General Mandate and to issue new Shares under the Issue Mandate.

A notice convening the special general meeting 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 Thursday, 7 January 2016 at 9:10 a.m. is set out on pages N-1 to N-4 of this circular. Whether or not you are able to attend and vote at the SGM, you are requested to read the notice and to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar 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 forty-eight (48) hours before the time appointed for holding the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting thereof should you so wish and in such event, the proxy form shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of Listing Rules, (i) the granting of the Specific Mandate will be voted on by way of poll by the Shareholders; and (ii) the proposed Refreshment of General Mandate will be voted on by way of poll by the Independent Shareholders, at the SGM.

No Shareholders are required to abstain from the granting of the Specific Mandate.

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## **LETTER FROM THE BOARD**

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As at the Latest Practicable Date, Landmark Profits Limited and Goodco Development Limited are interested in 179,302,800 Shares, representing 40.96% of the issued share capital of the Company. Therefore, Landmark Profits Limited and Goodco Development Limited will abstain from voting on the resolution regarding the Refreshment of General Mandate. In compliance with Rule 13.39(4) of the Listing Rules, the vote of the Independent Shareholders in respect of the Refreshment of General Mandate at the SGM will be taken by way of poll.

### **CONSENT**

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

### **RECOMMENDATION**

The Board is of the opinion that the granting of the Specific Mandate are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole and the Board recommends the Shareholders to vote in favour of the relevant resolution to be proposed at the SGM.

The Independent Board Committee comprising of all the Independent Non-executive Directors have been formed to advise the Independent Shareholders on the proposed Refreshment of General Mandate. Messis has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders on the granting of the Refreshment of General Mandate. The Board is of the opinion that the proposed refreshment of the Existing General Mandate to issue new Shares is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole and the Board recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the SGM.

### **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.

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Letter from the Independent Board Committee, the Letter from Independent Financial Adviser and the notice to this circular.

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



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

18 December 2015

*To the Independent Shareholders*

Dear Sir or Madam,

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

We refer to the circular of the Company dated 18 December 2015 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

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

We are of the view, after taking into account the advice of Messis as set out on pages 20 to 30 of the Circular, that the Refreshment of General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the Refreshment of General Mandate.

Yours faithfully,

**Independent Board Committee**

**Kan Ka Hon**

**Lau Sin Ming**

**Foo Tak Ching**

*Independent Non-executive Directors*

\* *for identification purposes only*

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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



18 December 2015

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

Dear Sir/Madam,

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

#### INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the refreshment of the Existing General Mandate, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular (the “**Circular**”) of the Company to the Shareholders dated 18 December 2015, of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

The Directors propose a refreshment of the Existing General Mandate by way of granting the Issue Mandate. As the proposed refreshment of the Existing General Mandate is being made prior to the Company’s next annual general meeting, pursuant to Rule 13.36(4) of the Listing Rules, the grant of the Issue Mandate is subject to the Independent Shareholders’ approval by way of an ordinary resolution at the SGM at which Landmark Profits Limited (“**Landmark Profits**”), Goodco Development Limited (“**Goodco**”) and their respective associates will abstain from voting on the resolution regarding the refreshment of the Existing General Mandate. In compliance with Rule 13.39(4) of the Listing Rules, the vote of the Independent Shareholders in respect of the refreshment of the Existing General Mandate at the SGM will be taken by way of poll.

The Independent Board Committee comprising all three independent non-executive Directors, namely, Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Foo Tak Ching, has been established to advise the Independent Shareholders on whether the refreshment of the

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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Existing General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote. We, Messis Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have acted as the independent financial adviser to the independent board committee and the independent shareholders of the Company for the following transactions:

#### **Date of the relevant circular and our letter of advice**

#### **Nature of the transaction**

20 February 2014	Connected transaction relating to proposed issue of convertible note and application for whitewash waiver
28 April 2014	Refreshment of general mandate
26 September 2014	Very substantial acquisition and connected transaction and rights issue
2 March 2015	Rights issue
6 August 2015	Very substantial acquisition and connected transaction and proposed rights issue on the basis of twenty rights shares for every one adjusted share held at the record date

Apart from normal professional fees paid or payable to us in connection with the previous appointments mentioned above as well as this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that the aforementioned previous appointments would not affect our independence, and that we are independent pursuant to Rule 13.84 of the Listing Rules.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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### BASIS OF OUR ADVICE

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the representations made to us by the Directors and the management of the Company. We have assumed that all statements, information and representations provided by the Directors and the management of the Company, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any statement contained in the Circular, including this letter, incorrect or misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context.

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

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

#### 1. Background of and reasons for the refreshment of the Existing General Mandate

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

As at the date of the AGM, 18 August 2015, the number of issued shares capital of the Company was 531,718,971 old shares (the “**Old Shares**”). At the AGM, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing General Mandate to allot, issue and deal with up to 106,343,794 Old Shares (equivalent to 10,634,379 Shares), representing 20% of the aggregate nominal amount of the issued Old Shares as at the date of the AGM. As at the Latest Practicable Date, no Share was issued under the Existing General Mandate.

Reference is made to the announcements of the Company dated 6 August 2015, 14 September 2015 and 5 November 2015 respectively, and the prospectus of the Company dated 14 October 2015 in relation, among others, a share consolidation that every 10 Old Shares be consolidated into one Share (the “**Share Consolidation**”) and a rights issue of the Company at the subscription price of HK\$0.48 per rights share on the basis of 20 rights shares for every one Share held on the record date (the “**Rights Issue**”). As a result of the Share Consolidation, the issued share capital of the Company has been reduced to 53,171,897 Shares on 8 October 2015 and upon completion of the Rights Issue, the Company allotted and issued an aggregate of 1,063,437,940 Shares on 3 November 2015. Accordingly, the issued share capital of the Company after the Rights Issue has been enlarged to 1,116,609,837 Shares.

Due to the substantial increase in the issued share capital of the Company aforementioned, the Existing General Mandate (which has not been utilised up to the Latest Practicable Date) only represents approximately 9.52% of the existing issued share capital of the Company subsequent to the Share Consolidation and the Rights Issue. The Directors consider that the proposed refreshment of the Existing General Mandate will give the Board the required flexibility for any future allotment and issue of Shares on behalf of the Company as and when considered necessary. When there shall be any further funding needs or if attractive offer for investment in the Shares is received from potential investors before the next annual general meeting,

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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the Board will be able to respond to the market and such investment offer promptly by considering the issue of Shares at the maximum of 20% of the issued share capital of the Company as at the date of the SGM. The Board believes that fund raising exercise pursuant to a general mandate is simpler and faster than other types of fund raising exercises and removes uncertainties in circumstances when specific mandate may not be obtained in a timely manner. Accordingly, the Directors consider that the refreshment of the Existing General Mandate is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company has not identified any other concrete fund raising plan with any financial institutions and has not contemplated any further fund raising exercise.

As advised by the Directors, there is no concrete fund raising proposals as at the Latest Practicable Date, the Board is now proposing to seek the approval of the Independent Shareholders at the SGM for the grant of the Issue Mandate such that should funding needs arise or attractive terms for investments in the Shares become available from potential investors, the Board will be able to respond to the market and such investment opportunities promptly without having first to obtain the consent of the Shareholders in general meeting and to avoid the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner. As advised by the Directors, they have also considered other financing alternatives such as debt financing to fund future business development and expansion and/or investment opportunities. However, the Directors are of the view that equity financing under general mandates (i) does not incur interest obligations on the Group as compared with bank financing; (ii) is less costly and time-consuming than raising funds by way of rights issue or open offer; and (iii) equips the Company with the ability to capture any capital raising or prospective investment opportunities in a timely manner.

We noted that the capital raised from various fund raising activities of the Company during the past twelve months has either been utilised or earmarked for different projects. As stated in the Letter from the Board, such funds will be utilised for the acquisition of the Target Property, which is the last property unit to be acquired in the Matheson Street Project. Pursuant to the valuation report conducted by an independent third party valuer, the existing value of the Target Property was approximately HK\$150 million as at 27 November 2015. Although the Board confirmed that a total of approximately HK\$30 million raised through previous fund raising activities has been earmarked for the acquisition of the Target Property, the Directors consider that it is prudent for the Company to obtain a refreshment of the Existing General Mandate in order to obtain a partial funding to prepare for

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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the potential acquisition of or possible public auction for the Target Property, as the case may be. We are of the view that the refreshment of the Existing General Mandate would provide more flexibility and options of financing to the Group for any potential acquisitions, future investments and business developments and that the Company will be able to respond in a timely and effective manner to take advantages of any business opportunities which may arise from time to time for the benefit of the Company and its Shareholders as a whole. As advised by the Directors, such capability is crucial in a competitive and rapidly changing investment environment and in times of volatile market conditions.

Considering the above, in particular, (i) the fact that the capital raised from various fund raising activities of the Company during the past twelve months has either been utilised or earmarked for different projects; (ii) the Company's upcoming financial needs in relation to the potential acquisition of or possible public auction for the Target Property; (iii) the advantages of using equity financing under general mandates to raise funds as discussed above; (iv) the Existing General Mandate only represents approximately 9.52% of the existing issued share capital of the Company and the next annual general meeting of the Company will only held in around August 2016; (v) the Group may lose its business development opportunities when it identifies suitable business or investment opportunities where it does not have sufficient cash and credit resources on hand, and it fails to obtain loans on terms which the Directors consider acceptable to the Group or raise funds from the equity market, or it cannot find other alternatives to finance the business development or acquisition of such investment opportunities in a timely manner, we concur with the Directors view that the reasons for refreshment of the Existing General Mandate are justifiable, and it is in the interests of the Company and the Shareholders as a whole.

### **2. The Issue Mandate**

As at the Latest Practicable Date, the Company had an aggregate of 1,116,609,837 Shares in issue. Assuming that no Shares will be issued or repurchased by the Company on or before date of the SGM and subject to the passing of the ordinary resolution for the approval of the grant of the Issue Mandate, the Company would be allowed under the Issue Mandate to allot, issue or otherwise deal with up to 223,321,967 Shares, representing 20% of the issued share capital of the Company as at the Latest Practicable Date.

On the other hand, if the conversion rights attaching to the convertible note held by Goodco and the Convertible Note are fully exercised after the Latest Practicable Date but before the date of the SGM, the Company will have a total issue share capital of 1,378,096,179 Shares as at the date of the SGM. In such case, the refreshment

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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of the Existing General Mandate would allow the Directors to allot and issue up to 275,619,235 Shares, being 20% of the Shares in issue immediately after the full exercise of the conversion rights attaching to the convertible note held by Goodco for a principal balance of HK\$20,000,000 and the Convertible Note for a principal balance of HK\$86,000,000.

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

### 3. Fund raising activities of the Company during the past two years

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

Date	Fund raising activity	Net proceeds	Proposed use of net proceeds	Actual use of net proceeds as at 30 November 2015
16 January 2014	Issue of 2014 Convertible Note with an aggregate principal amount of HK\$100 million	HK\$98.7 million	For the acquisition and redevelopment of the Matheson Street Project	Fully applied for the acquisition of the Matheson Street Project
6 June 2014	Placing of 65,200,000 new Shares under general mandate	HK\$22.5 million	For general working capital	Fully applied for the settlement of trade payable
11 August 2014	Placing of 78,000,000 new Shares under general mandate	HK\$23.1 million	For general working capital	Fully applied for the settlement of trade payable
5 September 2014	Rights issue of 450,132,472 new Shares	HK\$312.0 million	For the acquisition of the Inverness Road Properties	Fully applied for the acquisition of the Inverness Road Properties
2 March 2015	Rights Issue of 506,399,020 new Shares	HK\$326.0 million	(a) HK\$260 million for redevelopment cost of the Inverness Road Project (b) HK\$66 million for general corporate purposes	(a) Applied HK\$4.2 million as intended, balance of HK\$255.8 million to be applied as intended (b) Fully applied as intended

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**LETTER FROM INDEPENDENT FINANCIAL ADVISER**

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Date	Fund raising activity	Net proceeds	Proposed use of net proceeds	Actual use of net proceeds as at 30 November 2015
29 May 2015	Issue of the Convertible Note with an aggregate principal amount of HK\$86 million	HK\$85.9 million	For general working capital	Fully applied for (a) HK\$25.7 million acquired the Matheson Street Properties (b) HK\$55.9 million for investment of securities business (c) HK\$4.3 million for the settlement of trade payable
6 August 2015	Rights issue of 1,063,437,940 new Shares	HK\$505 million	(a) HK\$240 million for the purchase of the sale shares and sale loan of the properties group (b) HK\$139 million for the repayment of bank loan (c) HK\$30 million for the acquisition of the remaining unit at ground floor of No.11 Matheson Street, Causeway Bay, Hong Kong, or potential property investment (d) HK\$70 million for the segments of investment of listed securities and loan financing (e) HK\$26 million as general working capital	(a) fully applied for the purchase of the sale shares and sale loan of the properties group (b) not yet utilised (c) not yet utilised (d) not yet utilised (e) a total of HK\$4.9 million has been utilised: • HK\$1.8 million for settlement of trade payable • HK\$2.0 million for daily operating expenses • HK\$1.1 million for repayment of bank loans and finance cost Balance of HK\$21.1 million has not been utilised

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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

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

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) for illustration purpose only, immediately upon full utilisation of the Issue Mandate assuming that no other change to the share capital of the Company from the Latest Practicable Date up to the date of the SGM; and (iii) for illustration purpose only, immediately upon full conversion of (1) the convertible note held by Goodco; and (2) the Conversion Note at the revised Conversion Price, from the Latest Practicable Date to the date of the SGM and full utilisation of the Issue Mandate:

	(i) As at the Latest Practicable Date		(ii) Immediately upon full utilisation of the Issue Mandate		(iii) Immediately upon full conversion of (1) the convertible note held by Goodco; and (2) the Conversion Note at the revised Conversion Price from the Latest Practicable Date to the date of the SGM, and full utilisation of the Issued Mandate	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Substantial Shareholders:</b>						
Landmark Profits	93,549,498	8.38	93,549,498	6.98	93,549,498	5.65
Goodco						
– Shares	363,781,194	32.58	363,781,194	27.15	363,781,194	22.00
– underlying Shares of the outstanding convertible note ( <i>Note 1</i> )	—	—	—	—	880,281	0.05
<b>Sub-total</b>	<b>457,330,692</b>	<b>40.96</b>	<b>457,330,692</b>	<b>34.13</b>	<b>458,210,973</b>	<b>27.70</b>
The Noteholder ( <i>Note 2</i> )	—	—	—	—	260,606,061	15.76
<b>Public:</b>						
Public Shareholders	659,279,145	59.04	659,279,145	49.20	659,279,145	39.87
Shares to be issued under the Issue Mandate	—	—	223,321,967	16.67	275,619,235	16.67
<b>Total</b>	<b>1,116,609,837</b>	<b>100.00</b>	<b>1,339,931,804</b>	<b>100.00</b>	<b>1,653,715,414</b>	<b>100.00</b>

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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*Notes:*

1. As at the Latest Practicable Date, the outstanding principal amount of the convertible note held by Goodco was HK\$20,000,000 and Goodco was interested in a total of 800,281 underlying Shares at the conversion price of HK\$22.72 per conversion share.
2. As at the Latest Practicable Date, the outstanding principal amount of the Convertible Note held by the Noteholder was HK\$86,000,000 and the Noteholder was interested in a total of 260,606,061 underlying Shares at the revised Conversion Price of HK\$0.33 per conversion share.

The table above illustrates that existing Shareholders will be subject to dilution of their shareholding in the Company upon full utilisation of the Issue Mandate. The shareholding of the existing public Shareholders would decrease from approximately 59.04% as at the Latest Practicable Date to (i) approximately 49.20% upon full utilisation of the Issue Mandate, representing a potential maximum decrease in shareholding of approximately 9.84%; and (ii) approximately 39.87% immediately upon full conversion of (1) the convertible note held by Goodco; and (2) the Conversion Note at the revised Conversion Price, from the Latest Practicable Date to the date of the SGM and full utilisation of the Issue Mandate, representing a potential maximum decrease in shareholding of approximately 19.17%.

Notwithstanding that the Company has carried out various fund raising activities in the past two years as set out in section headed “3. Fund raising activities of the Company during the past two years” above, and the shareholding of the existing Shareholders will be diluted by at most 19.17% upon full utilisation of the Issue Mandate as discussed above, taking into account that the refreshment of the Existing General Mandate (i) allows the Company to raise capital by allotment and issuance of new Shares before the next annual general meeting; (ii) would provide an alternative to increase the amount of capital which may be raised thereunder; (iii) would provide more flexibility and options of financing to the Group for the acquisition for future investments and business developments; the Company will be able to respond in a timely and effective manner to take advantages of any business opportunities for the benefit of the Company and its Shareholders as a whole; and (iv) can strengthen the capital base of the Company, and also having considered that (a) any funds raised by utilising the Issue Mandate is non-interest bearing and requires no collaterals or pledge of securities; (b) the proceeds obtained by the Group in the equity fund-raising activities in the past two years are mainly for the acquisition and the related development of Inverness Road Project and Matheson Street Project and a total of approximately HK\$228 million has been earmarked for such projects; and (c) the shareholdings of all Shareholders will be diluted proportionately to their respective shareholding upon any utilisation of the Issue Mandate, we concur with the Directors’ view that such potential dilution to the shareholdings of the existing public Shareholders is acceptable.

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

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## LETTER FROM INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATIONS

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

Yours faithfully,  
For and on behalf of  
**Messis Capital Limited**  
**Robert Siu**  
*Managing Director*

*Mr. Robert Siu is a licensed person registered with the SFC and regarded as a responsible officer of Mesis Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 15 years of experience in corporate finance industry.*

### FUND RAISING ACTIVITIES OF EASYKNIT ENTERPRISES FOR THE PAST 24 MONTHS

The following table sets out the fund raising activities of the Company during the past 24 months immediately before the date of this announcement.

Date	Event	Net Proceeds (HK\$)	Intended use of net proceeds (HK\$)	Actual use of net proceeds as at 30 November 2015 (HK\$)
3 October 2013	Rights issue of 247,163,250 new Shares	146 million	For general working capital	Fully applied for: (a) 102 million for the acquisition of the Matheson Street Project  (b) 44 million for the settlement of trade payable
16 January 2014	Issue of 2014 Convertible Note with an aggregate principal amount of HK\$100 million	98.7 million	For the acquisition and redevelopment of the Matheson Street Project	Fully applied for the acquisition of the Matheson Street Project
6 June 2014	Placing of 65,200,000 new Shares under general mandate	22.5 million	For general working capital	Fully applied for the settlement of trade payable
11 August 2014	Placing of 78,000,000 new Shares under general Mandate	23.1 million	For general working capital	Fully applied for the settlement of trade payable
5 September 2014	Rights issue of 450,132,472 new Shares	312.0 million	For the acquisition of the Inverness Road Property	Fully applied for the acquisition of the Inverness Road Properties
2 March 2015	Rights issue of 506,399,020 new Shares	326.0 million	(a) 260 million for redevelopment cost of the Inverness Road Project  (b) 66 million for general corporate purposes	(a) Applied 4.2 million as the development cost of Inverness Road Project  Balance of 255.8 million has not been utilised  (b) Fully applied for loan financing business
29 May 2015	Issue of 2015 Convertible Note with an aggregate principal amount of HK\$86 million	85.9 million	For general working capital	Fully applied for  (a) 25.7 million acquired the Matheson Street Properties

Date	Event	Net Proceeds (HK\$)	Intended use of net proceeds (HK\$)	Actual use of net proceeds as at 30 November 2015 (HK\$)
				(b) 55.9 million for investment of securities business
				(c) 4.3 million for the settlement of trade payable
6 August 2015	Rights issue of 1,063,437,940 new Shares	505 million	(a) 240 million for the purchase of the sale shares and sale loan of the properties group	(a) fully applied for the purchase of the sale shares and sale loan of the properties group
			(b) 139 million for the repayment of bank loan	(b) not yet utilised
			(c) 30 million for the acquisition of the remaining unit at ground floor of No.11 Matheson Street, Causeway Bay, Hong Kong, or potential property investment	(c) not yet utilised
			(d) 70 million for the segments of investment of listed securities and loan financing	(d) not yet utilised
			(e) \$26 million as general working capital	(e) a total of 4.9 million has been utilised: <ul style="list-style-type: none"> <li>— 1.8 million for settlement of trade payable</li> <li>— 2.0 million for daily operating expenses</li> <li>— 1.1 million for repayment of bank loans and finance cost</li> </ul>
				Balance of 21.1 million has not been utilised

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## NOTICE OF THE SGM

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### EASYKNIT ENTERPRISES HOLDINGS LIMITED

永義實業集團有限公司\*

*(incorporated in Bermuda with limited liability)*

(Stock Code: 0616)

### NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of Easyknit Enterprises Holdings Limited (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 Thursday, 7 January 2016 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 RESOLUTIONS

1. **THAT:**

- (a) the Directors be and are hereby authorised, as a specific mandate, to allot, issue and otherwise deal with the Revised Conversion Shares which may be issued by the Company upon full exercise of the conversion rights attaching to the Convertible Note based on the conversion price of HK\$0.33 and any subsequent adjustments in accordance with its terms and conditions.

2. **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company (the “**Shares**”) and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers be and is hereby generally and unconditionally approved;

\* *for identification purpose only*

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## NOTICE OF THE SGM

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- (b) the approval in paragraph (a) above shall be in addition to any other authorizations given to the Directors and shall authorise the Directors during the Relevant Period (as defined in paragraph (d) below) to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option, a conversion or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
  - (i) a Rights Issue (as defined in paragraph (d) below);
  - (ii) the exercise of rights of subscription or conversion under terms of any warrants issued by the Company or any securities which are convertible into Shares;
  - (iii) the exercise of any option under the share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares; and
  - (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on the Shares in accordance with the byelaws of the Company in force from time to time,

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

- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by Bermuda law or the Company’s bye-laws to be held; or

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- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares or any class thereof on the register of members on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or stock exchange in any territory outside Hong Kong).”

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

Hong Kong, 18 December 2015

*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

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## NOTICE OF THE SGM

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*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.