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EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1218)

MAJOR TRANSACTION

**IN RELATION TO SUBSCRIPTION OF RIGHTS SHARES
PURSUANT TO THE UNDERTAKINGS IN
FULL ACCEPTANCE OF PROVISIONAL ENTITLEMENT
UNDER THE RIGHTS ISSUE OF
EASYKNIT ENTERPRISES HOLDINGS LIMITED**

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DEFINITIONS

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

“Acceptance Time”	4:00 p.m. on Thursday, 13 June 2013, or such later time or date as may be agreed between the Underwriter and EE, being the latest time for acceptance of, and payment for, the Rights Shares as to be described in the prospectus documents of EE
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday, a public holiday or a day on which typhoon signal 8 or above or black rainstorm is hoisted in Hong Kong at 9:00 a.m.) on which licensed banks in Hong Kong are generally open for business in Hong Kong
“Company” or “EI”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed and traded on the main board of the Stock Exchange (Stock Code: 1218)
“Director(s)”	the director(s) of the Company
“EE”	Easyknit Enterprises Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed and traded on the main board of the Stock Exchange (Stock Code: 0616)
“EE Board”	the board of directors of EE
“EE Directors”	the directors of EE
“EE Group”	EE and its subsidiaries
“EE Independent Shareholder(s)”	the EE Shareholder(s), other than Landmark Profits and Goodco, who are not involved in, nor interested in, the Underwriting Agreement

DEFINITIONS

“EE Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of EE
“EE Shareholder(s)”	the holder(s) of the EE Share(s)
“Group”	the Company and its subsidiaries
“Goodco”	Goodco Development Limited, an investment holding company incorporated in the British Virgin Islands with limited liability and is indirectly wholly-owned by the Company
“HK\$” and “cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Announcement”	the joint announcement of the Company and EE dated 5 April 2013 in relation to, among other things, the Rights Issue and the Undertakings
“Latest Practicable Date”	26 April 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Landmark Profits”	Landmark Profits Limited, an investment holding company incorporated in the British Virgin Islands with limited liability and is indirectly wholly-owned by the Company
“PAL(s)”	the provisional allotment letter(s) to be issued in connection with the Rights Issue
“PRC”	The People’s Republic of China
“Record Date”	Friday, 24 May 2013 or such other date as the Underwriter may agree in writing with EE as the date by reference to which entitlements to the Rights Issue are expected to be determined pursuant to Rights Issue

DEFINITIONS

“Rights Issue”	the proposed issue of the Rights Shares by way of rights issue to the qualifying shareholders of EE for subscription on the terms as set out in the prospectus documents to be issued by EE
“Rights Share(s)”	1,235,824,500 EE Shares proposed to be offered by way of Rights Issue to the qualifying shareholders of EE for subscription on the basis of three (3) EE Shares for every one (1) EE Share held at the Record Date
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“sq.ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases
“Target Property”	Ground Floor of No.15 Matheson Street, Causeway Bay, Hong Kong with a saleable area of approximately 700 sq.ft., and is now occupied as a retail shop
“Undertaking(s)”	irrevocable undertaking(s) dated 5 April 2013 under which each of Landmark Profits and Goodco provided an irrevocable undertaking in favour of EE and the Underwriter in relation to the subscription of Rights Shares pursuant to the Rights Issue
“Underwriter”	the underwriter of the Rights Issue, namely Kingston Securities Limited, a licensed corporation to carry out business in type 1 regulated activity (dealing in securities) under the SFO
“Underwriting Agreement”	an underwriting agreement dated 5 April 2013 entered into between EE and the Underwriter in relation to the Rights Issue and the Undertakings, details of which are set out in the Joint Announcement
“%”	per cent.



EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司 *

(incorporated in Bermuda with limited liability)

(Stock Code: 1218)

Executive Directors:

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

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Director:

Mr. Tse Wing Chiu Ricky

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

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

Independent Non-executive Directors:

Mr. Tsui Chun Kong
Mr. Jong Koon Sang
Mr. Hon Tam Chun

30 April 2013

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

**IN RELATION TO SUBSCRIPTION OF RIGHTS SHARES
PURSUANT TO THE UNDERTAKINGS IN
FULL ACCEPTANCE OF PROVISIONAL ENTITLEMENT
UNDER THE RIGHTS ISSUE OF
EASYKNIT ENTERPRISES HOLDINGS LIMITED**

INTRODUCTION

Reference is made to the joint announcement of the Company and EE dated 5 April 2013 in relation to, among other things, the Undertakings given by each of Landmark Profits and Goodco in favour of EE and the Underwriter for the subscription of Rights Shares pursuant to the Rights Issue.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, further details of the subscription of the Rights Shares under the Rights Issue pursuant to the Undertakings and the transactions contemplated thereunder.

THE UNDERTAKINGS

EI, through Landmark Profits and Goodco, are interested in 179,302,800 EE Shares, representing approximately 43.52% of the total issued share capital of EE. Pursuant to the Underwriting Agreement, Landmark Profits and Goodco have given the Undertakings in favour of EE and the Underwriter where, among other things, (1) Landmark Profits and Goodco will subscribe for the 235,700,532 Rights Shares and 302,207,868 Rights Shares respectively to which they will be entitled pursuant to the terms of the Rights Issue; (2) the EE Shares comprising their current shareholding in EE will remain registered in their respective names at the Record Date as they are on the date of the Undertakings; and (3) they will procure that their applications in respect of their 235,700,532 Rights Shares and 302,207,868 Rights Shares respectively comprising their respective entitlements under the Rights Issue will be lodged with the share registrar of EE, with payment in full therefor, by no later than the Acceptance Time and otherwise in accordance with the instructions printed on the PAL(s).

The obligations of Landmark Profits and Goodco under the Undertakings are conditional upon the Underwriting Agreement becoming unconditional in accordance with its terms. If the conditions are not fulfilled, all liabilities of Landmark Profits and Goodco thereunder shall cease and the undertakings shall lapse, and no party shall have any claims against the other for matters referred to in the Undertakings. Landmark Profits and Goodco will not apply for any excess Rights Shares.

The Rights Shares, when allotted, fully-paid or credited as fully-paid and issued shall rank *pari passu* in all respects with the EE Shares then in issue, including the right to reserve all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares. Dealing in the Rights Shares will be subject to payment of Government stamp duty in Hong Kong.

Consideration

The Company will pay a total amount of approximately HK\$53.8 million to subscribe in full its entitlement of 537,908,400 Rights Shares under the Rights Issue at the subscription price of HK\$0.10 per Rights Share. The consideration will be fully satisfied in cash by internal resources of the Company.

Conditions precedent

Completion of the subscription for 537,908,400 Rights Shares pursuant to the Undertakings is conditional upon, among other things, the passing of the necessary resolution by the Shareholders to approve, among other things, the subscription of Rights Shares under the Rights Issue pursuant to the Undertakings. As further described below, written approvals for the aforesaid resolution have been obtained from Sea Rejoice Limited and Magical Profits Limited, who in aggregate owns approximately 58.69% of the issued share capital of the Company.

Background of the Rights Issue and use of proceeds

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

The gross proceeds and the estimated net proceeds of the Rights Issue will be approximately HK\$123.6 million and HK\$122.0 million respectively. EE intends to apply such net proceeds from the Rights Issue as for the acquisition of the Target Property, or should the acquisition fail to materialise, for acquisition of other properties at the time when EE has insufficient financial resources to fund such activities in a timely manner. The excess funds, if any, over the eventual consideration of the Target Property will be used as general working capital of the EE Group. The net price per Rights Share shall be approximately HK\$0.0987.

The Target Property

EE is the majority owner of a building located at No. 15 Matheson Street, Causeway Bay, Hong Kong, which exceeds 50 years of age. The building comprises 5 units on the first to fifth floors (ie. approximately 83.33% of the undivided shares of that building) and the Target Property on the ground floor. EE's purchases of the aforesaid 5 units were completed in June 2012.

On 20 December 2012, EE had, pursuant to section 3(1) of the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545), filed an application to the Lands Tribunal for an order for sell all the undivided shares in that building for the purposes of redevelopment. According to the legal advisers of EE, the grant of sale order and public auction may require about nine months from the date of application. The timing will depend on, amongst others, the response time by the owner of the Target Property.

LETTER FROM THE BOARD

The EE 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). Pursuant to the hearing for direction at the Lands Tribunal on 21 February 2013, EE is now in the process of mediation with the owner of the Target Property. As at the Latest Practicable Date, neither definitive agreements nor terms have been entered into with the owner of the Target Property.

Based on the valuation report conducted by an independent third party valuer, the existing use value of the Target Property was approximately HK\$136.0 million as at 18 December 2012. Meanwhile, the asking price indicated in early November 2012 by a property agent purportedly acting on behalf of the owner of the Target Property was HK\$230.0 million.

The EE Directors are also aware of the actual transactions of properties nearby. Applying their per square foot prices to the saleable area of the Target Property, they may translate into prices ranging from approximately HK\$160.0 million to HK\$300.0 million. The EE Directors however do note that the market prices of retail properties, despite being in the same vicinity, may vary depending on specific factors such as facing to streets.

The EE Board has confirmed that through previous fund raising activities a total of approximately HK\$157.0 million has thus far been earmarked for the acquisition of the Target Property.

The EE Board considers that the funds raising from Rights Issue will give the qualifying shareholders of EE the opportunity to maintain their respective pro-rata shareholding interests in EE. Hence, the EE Board considers that fund raising through the Rights Issue to be in the best interests of EE and the EE Shareholders as a whole.

The Rights Issue allows the EE Group to strengthen its balance sheet without facing substantial financing costs represented by relatively high interest rates. The estimated net proceeds of the Rights Issue will be approximately HK\$122.0 million and are intended to be fully applied for the acquisition of the Target Property, or should the acquisition fail to materialise, for the acquisition of other properties at the time when EE has insufficient financial resources to fund such activities in a timely manner. The excess funds, if any, over the eventual consideration of the Target Property will be used as general working capital of the EE Group.

LETTER FROM THE BOARD

Reasons for the Undertaking(s)

The Directors consider the Undertakings to be fair and reasonable and believe that the subscription of the Rights Shares pursuant to the Undertakings is in the interests of the Company and the Shareholders as a whole, the reasons being:

(1) *Maintaining the pro-rata shareholding after the Rights Issue*

By subscribing the Rights Shares, the Company (through Landmark Profits and Goodco) will be able to maintain the pro-rata shareholding in EE immediately upon the completion of the Rights Issue as illustrated in the following table:

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Rights Shares are subscribed by the qualifying shareholders of EE)		Immediately after completion of the Rights Issue (assuming only Landmark Profits and Goodco take up their entitled Rights Shares) (Note 1)	
	<i>Number of EE Shares</i>		<i>Number of EE Shares</i>		<i>Number of EE Shares</i>	
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
The Company:						
Landmark Profits	78,566,844	19.07	314,267,376	19.07	314,267,376	19.07
Goodco	100,735,956	24.45	402,943,824	24.45	402,943,824	24.45
Sub-total	179,302,800	43.52	717,211,200	43.52	717,211,200	43.52
Public	232,638,683	56.48	930,554,732	56.48	232,638,683	14.12
Underwriter	17	0.00	68	0.00	697,916,168	42.36
Total	<u>411,941,500</u>	<u>100.00</u>	<u>1,647,766,000</u>	<u>100.00</u>	<u>1,647,766,000</u>	<u>100.00</u>

Notes:

1. This scenario is for illustrative purpose only.

Under the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers for the underwritten shares:

- (i) the Underwriter shall not subscribe, for its own account, for such number of underwritten shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in EE to exceed 19.9% of the voting rights of EE upon the completion of the Rights Issue; and

LETTER FROM THE BOARD

- (ii) the Underwriter shall use its best endeavours to ensure that (1) each of the subscribers of the underwritten shares procured by it shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with EE, any of the EE Directors or chief executive or substantial shareholders of EE or their respective associates; and (2) the public float requirements under Rule 8.08 of the Listing Rules be fulfilled by EE upon completion of the Rights Issue.
2. The percentages are subject to rounding error.

In addition, the interests of the Shareholders will not be diluted as a result of the Rights Issue and EE shall remain as a subsidiary of the Company immediately after completion of the Rights Issue, the Company, through Landmark Profits and Goodco, holding approximately 43.52% of EE's total issued share capital.

(2) *EE's future development in the property market*

The Board is optimistic about the future prospects of EE, including in respect of its acquisition of the Target Property as mentioned under the section headed "Background of the Rights Issue and use of proceeds" above. The Board believes that the Rights Issue will strengthen the capital base of EE so that EE will be in a position to capture more business opportunities associated with its principal business engagements in the future.

INFORMATION OF THE GROUP AND EE

The Group's principal businesses are in property investments, property development, garment sourcing and exporting businesses, investment in listed securities and loan financing. The Group currently holds various commercial, industrial and residential properties in Hong Kong, Singapore and PRC.

EE is a subsidiary of the Group and the EE Group is currently engaged in property investments, garment sourcing and exporting businesses, and investment in listed securities.

Based on the interim report of EE for the six months ended 30 September 2012, the unaudited net asset value of the EE Group was approximately HK\$624,915,000.

LETTER FROM THE BOARD

The following information is extracted from the audited financial statements of EE for the two financial years ended 31 March 2012 and 2011 respectively:

	For the year ended	
	31 March	
	2012	2011
	<i>HK\$</i>	<i>HK\$</i>
(Loss) profit before taxation from continuing and discontinued operation	(40,670,000)	69,999,000
(Loss) profit after taxation from continuing and discontinued operations	(42,730,000)	65,060,000

LISTING RULES IMPLICATION

The aggregate consideration for the subscription in full for the entitlements of the Company under the Rights Issue and the previous rights issues of EE as announced on 15 August 2012 and 11 October 2012 exceed 25% but less than 100% of the applicable percentage ratios (as defined under the Listing Rules) and therefore constitute a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the major transaction or should the major transaction be put forward to the Shareholders for approval at a general meeting of the Company be required to abstain from voting on the resolution approving the major transaction. Pursuant to Rule 14.44 of the Listing Rules, in lieu of a resolution to be passed at a general meeting of the Company, written approvals have been obtained from Sea Rejoice Limited and Magical Profits Limited, being the substantial Shareholders with an aggregate interest in 46,609,144 Shares, representing approximately 58.69% of the issued share capital of the Company as at the Latest Practicable Date.

LETTER FROM THE BOARD

Sea Rejoice Limited which holds 17,429,664 Shares, representing approximately 21.95% of the issued share capital of the Company, is wholly-owned by Ms. Lui Yuk Chu, the vice president and an executive director of the Company and EE. Magical Profits Limited, which holds 29,179,480 Shares, representing approximately 36.74% of the issued share capital of the Company is wholly-owned by Hang Seng Bank Trustee International Limited as trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members (including Ms. Koon Ho Yan Candy, daughter of Ms. Lui Yuk Chu, and an executive director of the Company and EE) other than the spouse of Ms. Lui Yuk Chu). Sea Rejoice Limited and Magical Profits Limited are therefore a “closely allied group of shareholders” for the purpose of the Listing Rules.

RECOMMENDATION

Having taken into account that, (i) the Rights Issue is able to strengthen the capital base of EE so that EE will be in a position to capture more business opportunities associated with its principal business engagements in the future; and (ii) the Undertaking(s) is/are given in order to support and maintain the value of the Company’s investment in EE, which will in turn provide the Company an opportunity to enjoy the future return of EE, the Board considers that the subscription of Rights Shares pursuant to the Undertaking(s) and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

ADDITIONAL INFORMATION

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

Yours faithfully

For and on behalf of the Board

Easyknit International Holdings Limited

Kwong Jimmy Cheung Tim

Chairman and Chief Executive Officer

1. FINANCIAL SUMMARY OF THE GROUP

Financial information of the Group for the years ended 31 March 2010, 2011 and 2012 are disclosed in the annual report of the Company for the years ended 31 March 2010, 2011 and 2012; and for the six months ended 30 September 2012 is disclosed in the interim report. They can be accessed on the websites of the Company (www.easyknit.com) and the Stock Exchange (www.hkexnews.hk).

2. WORKING CAPITAL

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

3. INDEBTEDNESS

At the close of business on 31 March 2013, being the latest practicable date for ascertaining this information prior to the printing of this circular, the Group had outstanding bank borrowings of approximately HK\$755.6 million, which were guaranteed by the Company and EE and were secured by certain investment properties of the Group.

Apart from as disclosed above and intra-group liabilities, the Group did not have at the close of business on 31 March 2013 any debt securities authorised or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The monetary easing as a result of central banks around the world attempting to revive major economies around the world is expected to remain for some time which sustains a generally low interest rate environment for the foreseeable future. In Hong Kong, the low interest rate environment, together with the robust underlying demand and lack of near term supply, are expected to be countered by the fiscal policies implemented to cool the property market. The Group believes that the Hong Kong property market as a whole will remain stable. Rental of retail properties and sale of residential properties are expected to provide the main impetus.

The Group will continue to review and enhance its existing investment property portfolio and strive to maintain an optimum tenant composition. The anticipation of increasing visitor arrivals and visitor spending from the PRC and shortage in supply of commercial space in prime shopping areas will support the rental of the Group's properties at a higher level.

Because of the continuing decrease in import of garments by USA, the market for garment export remains volatile and highly competitive. Under such market conditions, the Group expects continuing challenges for the garment sourcing and export businesses in the rest of the financial year.

In respect of securities investment, the Hang Seng Index was steady. The investment philosophy of the Company remains conservative and management is cautiously optimistic on a better return.

Under a relatively volatile investment environment, the Group has strengthened its risk control, and adopted a prudent approach in financial management. Cash inflow and capital outlay are under close scrutiny of the management to ensure the Group's smooth operation.

5. MATERIAL CHANGE

The Directors are not aware of any material change to the financial or trading position of the Group since 31 March 2012, being the date to which the published audited financial statements of the Company were made up.

1. FINANCIAL SUMMARY OF EE GROUP

The published audited consolidated financial statements of EE Group for the years ended 31 March 2010, 2011 and 2012 are disclosed in the annual reports of EE for the years ended 31 March 2010 (pages 27-90), 2011 (pages 29-90) and 2012 (pages 40-134). The published unaudited condensed consolidated financial statements of the EE Group for the six months ended 30 September 2012 are disclosed in the interim report of EE for the six months ended 30 September 2012 (pages 21 to 52). They can be accessed on the website of EE (www.easyknitenterp.com) and the website of the Stock Exchange (www.hkexnews.hk).

2. WORKING CAPITAL

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

3. INDEBTEDNESS

At the close of business on 31 March 2013, being the latest practicable date for ascertaining this information prior to the printing of this circular, the EE Group had outstanding bank borrowings of approximately HK\$168.7 million, which were guaranteed by EE and were secured by certain investment properties of the EE Group.

Apart from as disclosed above and intra-group liabilities, the EE Group did not have at the close of business on 31 March 2013 any debt securities authorised or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP UPON COMPLETION OF THE RIGHTS ISSUE**

A. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES

The following is an illustrative and unaudited pro forma statement of assets and liabilities of the Group which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Rights Issue by EE and the Undertakings by each of Landmark Profits and Goodco as if the Undertakings have taken place on 30 September 2012.

This unaudited pro forma statement of assets and liabilities of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Undertakings been completed as at 30 September 2012 or at any future date.

	The Group at 30 September 2012	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	59,862	—	—	59,862
Investment properties Available-for-sale	2,238,876	—	—	2,238,876
investments	31,848	—	—	31,848
Loans receivable	21,218	—	—	21,218
	<u>2,351,804</u>	<u>—</u>	<u>—</u>	<u>2,351,804</u>
Current assets				
Properties held for development for sale	602,897	—	—	602,897
Properties held for sale	106,885	—	—	106,885
Investments held for trading	155,760	—	—	155,760
Trade and other receivables	34,861	—	—	34,861
Bills receivable	930	—	—	930
Loans receivable	33,049	—	—	33,049
Bank deposits with original maturity of more than three months	67,049	—	—	67,049
Bank balances and cash	395,061	(54,091)	122,082	463,052
	<u>1,396,492</u>	<u>(54,091)</u>	<u>122,082</u>	<u>1,464,483</u>

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP UPON COMPLETION OF THE RIGHTS ISSUE**

	The Group at 30 September 2012	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	56,742	—	—	56,742
Bills payable	874	—	—	874
Amounts due to non- controlling shareholders	17,685	—	—	17,685
Tax payable	44,490	—	—	44,490
Secured bank borrowings	24,065	—	—	24,065
	<u>143,856</u>	<u>—</u>	<u>—</u>	<u>143,856</u>
Net current assets	<u>1,252,636</u>	<u>(54,091)</u>	<u>122,082</u>	<u>1,320,627</u>
	<u>3,604,440</u>	<u>(54,091)</u>	<u>122,082</u>	<u>3,672,431</u>
Non-current liabilities				
Deferred tax liabilities	12,255	—	—	12,255
Secured bank borrowings	735,916	—	—	735,916
	<u>748,171</u>	<u>—</u>	<u>—</u>	<u>748,171</u>
Net assets	<u><u>2,856,269</u></u>	<u><u>(54,091)</u></u>	<u><u>122,082</u></u>	<u><u>2,924,260</u></u>

Notes:

1. The figures are extracted from the condensed consolidated statement of financial position of the Group as at 30 September 2012, as set out in the published interim report of the Company for the six months ended 30 September 2012.
2. As at the Latest Practicable Date, Landmark Profits and Goodco, indirect wholly-owned subsidiaries of the Company, were interested in 78,566,844 EE Shares and 100,735,956 EE Shares respectively, representing approximately 19.07% and 24.45% respectively of the existing issued share capital of EE. Each of Landmark Profits and Goodco has given the Undertakings in favour of EE and the Underwriter, and will pay a total amount of approximately HK\$54,091,000 (including estimated expenses of approximately HK\$300,000 to be incurred by EI) to subscribe in full its entitlement of 537,908,400 Rights Shares, on the basis of three Rights Shares for every one EE Share, under the Rights Issue at the subscription price of HK\$0.10 per Rights Share. The consideration will be fully settled in cash.
3. The estimated net proceeds from the Rights Issue are based on 1,235,824,500 Rights Shares of HK\$0.01 each at HK\$0.10 per Rights Share on the basis of three Rights Shares for every one EE Share held by the EE Shareholders as at the Latest Practicable Date, after deducting the estimated underwriting commission and other related expenses of approximately HK\$1.5 million to be incurred by EE.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP UPON COMPLETION OF THE RIGHTS ISSUE**

**B. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA STATEMENT OF
ASSETS AND LIABILITIES**



德勤·關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

**TO THE DIRECTORS OF EASYKNIT INTERNATIONAL HOLDINGS
LIMITED**

We report on the unaudited pro forma statement of assets and liabilities of Easyknit International Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the subscription of all rights shares to which two wholly-owned subsidiaries of the Company will be entitled under the rights issue of shares by Easyknit Enterprises Holdings Limited (“EE”), a non-wholly owned subsidiary of the Company, (the “EE Rights Issue”), pursuant to irrevocable undertakings given by each of these two wholly-owned subsidiaries in favour of EE and the underwriter of the EE Rights Issue, might have affected the statement of assets and liabilities presented, for inclusion in Section A of Appendix III to the circular of the Company dated 30 April 2013 (the “Circular”). The basis of preparation of the unaudited pro forma statement of assets and liabilities is set out in Section A of Appendix III to the Circular.

**Respective responsibilities of directors of the Company and reporting
accountants**

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma statement of assets and liabilities in accordance with paragraph 29 of Chapter 4 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” issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma statement of assets and liabilities 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 unaudited pro forma statement of assets and liabilities beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP UPON COMPLETION OF THE RIGHTS ISSUE**

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma statement of assets and liabilities with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma statement of assets and liabilities has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma statement of assets and liabilities as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma statement of assets and liabilities is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 30 September 2012 or any future date.

Opinion

In our opinion:

- (a) the unaudited pro forma statement of assets and liabilities has been properly compiled by the directors of the Company 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 unaudited pro forma statement of assets and liabilities as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
30 April 2013

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

(a) Directors' interests in Shares

(i) *Interests in the Company*

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

Name of director	Capacity	Number of ordinary Shares held (long position)	Approximate percentage of interests
Ms. Lui Yuk Chu	Beneficiary of a trust <i>(note i)</i>	46,609,144	58.69%
Ms. Koon Ho Yan Candy <i>(note ii)</i>	Beneficiary of a trust	29,179,480	36.74%

Notes:

- (i) Out of 46,609,144 Shares, 17,429,664 Shares are beneficially owned by Sea Rejoice Limited which is wholly-owned by Ms. Lui Yuk Chu. The other 29,179,480 Shares are registered in the name of and are beneficially owned by Magical Profits Limited which is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by Hang Seng Bank Trustee International Limited as trustee of The Magical 2000 Trust (the beneficiaries of which included Ms. Lui Yuk Chu and her family members other than her spouse).
- (ii) Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and an executive Director, is deemed to be interested in the Shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.

(ii) *Interests in the associated corporations*— *EE*

Name of director	Capacity	Number of ordinary shares held (long position)	Approximate percentage of interests
Ms. Lui Yuk Chu	Beneficiary of a trust <i>(note iii)</i>	179,302,800	43.52%
Ms. Koon Ho Yan Candy <i>(note iv)</i>	Beneficiary of a trust	179,302,800	43.52%

Notes:

- (iii) Out of 179,302,800 shares, 78,566,844 shares are registered in the name of and are beneficially owned by Landmark Profits and the remaining 100,735,956 shares are held by Goodco. As such, Easyknit Properties Holdings Limited which owns the entire issued share capital of Goodco is deemed to be interested in the same 100,735,956 shares. The Company is the owner of the entire issued share capital of Easyknit Properties Holdings Limited. Sea Rejoice Limited is interested in approximately 21.95% of the issued share capital of the Company and is wholly-owned by Ms. Lui Yuk Chu. Magical Profits Limited is interested in approximately 36.74% of the issued share capital of the Company and is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by Hang Seng Bank Trustee International Limited as trustee of The Magical 2000 Trust (the beneficiaries of which included Ms. Lui Yuk Chu and her family members other than her spouse).

- (iv) Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and an executive Director, is deemed to be interested in the shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.

— *Wellmake Investments Limited (“Wellmake”) (note v)*

Name of director	Capacity	Number of non-voting deferred shares	Approximate percentage of interests
Ms. Lui Yuk Chu	(note vi)	2	100%

Notes:

- (v) All the issued ordinary shares in the share capital of Wellmake which carry voting rights are held by the Company.
- (vi) One non-voting deferred share is held by Ms. Lui Yuk Chu as beneficial owner and the other one is held by her spouse, Mr. Koon Wing Yee.

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) 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).

(c) As at the Latest Practicable Date:

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

(d) Directors' interests in competing business

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

3. SUBSTANTIAL SHAREHOLDERS

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

Name of Shareholder	<i>Note</i>	Capacity	Number of ordinary Shares held (long position)	Approximate percentage of interest
Koon Wing Yee	<i>i</i>	Interest of spouse	46,609,144	58.69%
Sea Rejoice Limited	<i>i & ii</i>	Beneficial owners	17,429,664	21.95%
Magical Profits Limited	<i>i & ii</i>	Beneficial owner	29,179,480	36.74%
Accumulate More Profits Limited	<i>i</i>	Interest of controlled corporation	29,179,480	36.74%
Hang Seng Bank Trustee International Limited	<i>i & iii</i>	Trustee	29,179,480	36.74%
Hang Seng Bank Limited	<i>iii</i>	Interest of controlled corporation	29,179,480	36.74%
The Hongkong & Shanghai Banking Corporation Limited	<i>iii</i>	Interest of controlled corporation	29,179,480	36.74%
HSBC Asia Holdings BV	<i>iii</i>	Interest of controlled corporation	29,179,480	36.74%
HSBC Asia Holdings (UK)	<i>iii</i>	Interest of controlled corporation	29,179,480	36.74%

Name of Shareholder	Note	Capacity	Number of ordinary Shares held (long position)	Approximate percentage of interest
HSBC Asia Holdings BV	<i>iii</i>	Interest of controlled corporation	29,179,480	36.74%
HSBC Finance (Netherlands)	<i>iii</i>	Interest of controlled corporation	29,179,480	36.74%
HSBC Holdings plc	<i>iii</i>	Interest of controlled corporation	29,179,480	36.74%

Notes:

- (i) Out of 46,609,144 Shares, 17,429,664 Shares are beneficially owned by Sea Rejoice Limited which is wholly-owned by Ms. Lui Yuk Chu. The other 29,179,480 Shares are registered in the name of and are beneficially owned by Magical Profits Limited, which is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by Hang Seng Bank Trustee International Limited as trustee of The Magical 2000 Trust (the beneficiaries of which included Ms. Lui Yuk Chu and her family members other than her spouse). Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and an executive Director, is deemed to be interested in the 29,179,480 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 46,609,144 Shares by virtue of the SFO.
- (ii) Ms. Lui Yuk Chu, being an executive Director, is also a director of Sea Rejoice Limited and Magical Profits Limited.
- (iii) Hang Seng Bank Trustee International Limited is a wholly-owned subsidiary of Hang Seng Bank Limited. Hang Seng Bank Limited is owned as to approximately 62.14% by The Hongkong and Shanghai Banking Corporation Limited. The Hongkong and Shanghai Banking Corporation Limited is wholly-owned by HSBC Asia Holdings BV which is a wholly-owned subsidiary of HSBC Asia Holdings (UK). HSBC Asia Holdings (UK) is wholly-owned by HSBC Holdings BV which in turn is wholly-owned by HSBC Finance (Netherlands). HSBC Finance (Netherlands) is a wholly-owned subsidiary of HSBC Holdings plc.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any other persons who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly interested in 10% or more

of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital.

4. LITIGATION

Save as disclosed below, as at the Latest Practicable Date, neither the Company nor any member of the Group was 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 member of the Group:

- (i) the claims against Lau Kwong Wing and Cheng Lai Yin by Chief Access Limited, a wholly-owned subsidiary of the Company, for, among other things, loss and damages of HK\$1,397,648.08 in aggregate suffered by Chief Access Limited as a result of contractual breach of sale and purchase agreements in respect of the property at Rear Portion of First Floor, Nos. 311A and 311C Prince Edward Road West, Kowloon, Hong Kong by Lau Kwong Wing and Cheng Lai Yin.

5. MATERIAL CONTRACTS

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

- (a) the formal sale and purchase agreement dated 9 May 2011 entered into between Hansford International Investment Limited (“Hansford”), a wholly-owned subsidiary of the Company, as purchaser and Leung Oi Lin as vendor in relation to the acquisition of a property being the Second Floor of Block B of Nos. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong for a consideration of HK\$13,300,000;
- (b) the formal sale and purchase agreement dated 11 May 2011 entered into between Hansford as purchaser and Chan Man Wah as vendor in relation to the acquisition of a property being the Second Floor of Block A of Nos. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong for a consideration of HK\$10,000,000;

- (c) the formal sale and purchase agreement dated 11 May 2011 entered into between Hansford as purchaser and Chuang Yung Hua and Lam Shun Ling Pion as vendors in relation to the acquisition of a property being the First Floor of Block D of Nos. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong for a consideration of HK\$7,000,000;
- (d) the formal sale and purchase agreement dated 11 May 2011 entered into between Hansford as purchaser and Friendly Bright Development Limited as vendor in relation to the acquisition of properties being the Ground Floor of Block A, First Floor of Block A, Ground Floor of Block B and Ground Floor of Block D of Nos. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong for a consideration of HK\$83,000,000;
- (e) the formal sale and purchase agreement dated 11 May 2011 entered into between Hansford as purchaser and Phuong Ngoc Hoa as vendor in relation to the acquisition of a property being the First Floor of Block B of Nos. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong for a consideration of HK\$18,000,000;
- (f) the renewal of one-year tenancy agreement dated 15 June 2011 entered into between Easyknit Global Company Limited, a wholly-owned subsidiary of EE, as tenant and Wellmake Investments Limited, a wholly-owned subsidiary of the Company, as landlord in respect of the lease of the premises located at Unit A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong at a monthly rental of HK\$206,800;
- (g) the conditional agreement dated 12 September 2011 entered into between Goodco as purchaser and Mr. Park Jong Yong as vendor in respect of the purchase of 61,775,205 EE Shares at for a consideration of HK\$18,532,561.50;
- (h) the formal sale and purchase agreement dated 14 December 2011 entered into between Hansford as purchaser and Profit Choice Enterprises Limited as vendor in relation to the acquisition of a property being at 2/F of Block D, 301, 301A-C Prince Edward Road West (also known as 2/F of 301C Prince Edward Road West) Kowloon, Hong Kong for a consideration of HK\$19,800,000;
- (i) the placing agreement dated 21 December 2011 entered into between Goodco and Kingston Securities Limited, as the placing agent, to place 47,000,000 EE Shares at a placing price of HK\$0.27 per share;

- (j) the provisional sale and purchase agreement dated 16 February 2012 entered into between Top Channel Enterprises Limited (“Top Channel”), a wholly-owned subsidiary of EE, as purchaser and vendors in relation to the acquisition of a property being the Ground Floor, No. 6 Cannon Street, Causeway Bay, Hong Kong for a consideration of HK\$180,000,000;
- (k) the formal sale and purchase agreement dated 9 March 2012 entered into between Top Channel as purchaser and Lai Wai Ha, Ng Yu Kwong, Ng Siu Lan Clara and Ng Siu Yuen Veronica as vendors in relation to the acquisition of a property being the Ground Floor of No. 6 Cannon Street, Causeway Bay, Hong Kong for a consideration of HK\$180,000,000;
- (l) the provisional sale and purchase agreement dated 18 April 2012 entered into between Main Lucky Enterprises Limited (“Main Lucky”), an indirect wholly-owned subsidiary of EE, as purchaser and Li Christina Shuk Ching and Chan Wai Ching Ivy as vendors in relation to the acquisition of a property being the 1st Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$19,000,000;
- (m) the formal sale and purchase agreement dated 27 April 2012 entered into between Main Lucky as purchaser and Li Christina Shuk Ching and Chan Wai Ching Ivy as vendors in relation to the acquisition of a property being the 1st Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$19,000,000;
- (n) the provisional sale and purchase agreement dated 27 April 2012 entered into between Main Lucky as purchaser and Fung Yuet Ho as vendor in relation to the acquisition of a property being the 2/F of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$16,800,000;
- (o) the provisional sale and purchase agreement dated 30 April 2012 entered into between Main Lucky as purchaser and Chan Sun Sang Tony as vendor in relation to the acquisition of a property being the 3/F of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$16,700,000;
- (p) the provisional sale and purchase agreement dated 30 April 2012 entered into between Main Lucky as purchaser and Chan Kwai Sang and Chan Wai Ching Ivy as vendor in relation to the acquisition of a property being the 4/F of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$14,500,000;

- (q) the provisional sale and purchase agreement dated 30 April 2012 entered into between Main Lucky as purchaser and Lee Ho Yee and Chan Wai Pong as vendor in relation to the acquisition of a property being the 5/F of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$14,000,000;
- (r) the formal sale and purchase agreement dated 4 May 2012 entered into between Main Lucky as purchaser and Lee Ho Yee and Chan Wai Pong as vendors in relation to the acquisition of a property being the 5th Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$14,000,000;
- (s) the formal sale and purchase agreement dated 7 May 2012 entered into between Main Lucky as purchaser and Chan Sun Sang Tony as vendor in relation to the acquisition of a property being the 3rd Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$16,700,000;
- (t) the formal sale and purchase agreement dated 7 May 2012 entered into between Main Lucky as purchaser and Chan Kwai Sang and Chan Wai Ching Ivy as vendors in relation to the acquisition of a property being the 4th Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$14,500,000;
- (u) the formal sale and purchase agreement dated 11 May 2012 entered into between Main Lucky as purchaser and Fung Yuet Ho as vendor in relation to the acquisition of a property being the 2nd Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$16,800,000;
- (v) an assignment dated 16 May 2012 entered into between Top Channel as purchaser and Lai Wai Ha, Ng Yu Kwong, Ng Siu Lan Clara and Ng Siu Yuen Veronica as vendors in relation to the acquisition of a property being the Ground Floor of No. 6 Cannon Street, Causeway Bay, Hong Kong for a consideration of HK\$180,000,000;
- (w) an assignment dated 16 May 2012 entered into between Top Channel as purchaser and Lai Wai Ha, Ng Yu Kwong, Ng Siu Lan Clara and Ng Siu Yuen Veronica as vendors in relation to the acquisition of a property being the Ground Floor of No. 6 Cannon Street, Causeway Bay, Hong Kong for a consideration of HK\$180,000,000;

- (x) an assignment dated 16 May 2012 entered into between Main Lucky as purchaser and Li Christina Shuk Ching and Chai Wai Ching Ivy as vendors in relation to the acquisition of a property being the 1st Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$19,000,000;
- (y) the placing agreement dated 30 May 2012 entered into between EE and Kingston Securities Limited, as the placing agent, to place 97,470,000 new shares of Easyknit Enterprises at a placing price of HK\$0.141 per share;
- (z) an assignment dated 8 June 2012 entered into between Main Lucky as purchaser and Chan Kwai Sang and Chan Wai Ching Ivy as vendors in relation to the acquisition of a property being the 4th Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$14,500,000;
- (aa) an assignment dated 11 June 2012 entered into between Main Lucky as purchaser and Fung Yuet Ho as vendor in relation to the acquisition of a property being the 2nd Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$16,800,000;
- (bb) an assignment dated 11 June 2012 entered into between Main Lucky as purchaser and Lee Ho Yee and Chan Wai Pong as vendors in relation to the acquisition of a property being the 5th Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$14,000,000;
- (cc) a sale and purchase agreement dated 20 June 2012 entered into between Kingbest Capital Holdings Limited, a wholly-owned subsidiary of the Company, as purchaser and seller for the sale and purchase shares of Total Expect Limited and the loan for a consideration of HK\$61,750,000;
- (dd) the placing agreement dated 18 July 2012 entered into between EE and Kingston Securities Limited, as the placing agent, to place 114,700,000 new EE Shares at a placing price of HK\$0.106 per EE Share;
- (ee) the underwriting agreement dated 15 August 2012 entered into between EE and Kingston Securities Limited, as the underwriter, to underwrite 381,428,337 rights shares of EE at a subscription price of HK\$0.077 per EE Share;

- (ff) a tenancy agreement dated 12 September 2012 entered into between Easyknit Worldwide Company Limited, a wholly-owned subsidiary of EE, as tenant and Wellmake Investments Limited, an indirect wholly-owned subsidiary of the Company, as landlord in respect of the lease of the premises located at Unit A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong for 3 years at a monthly rental of HK\$208,000;
- (gg) the underwriting agreement dated 11 October 2012 entered into between EE and Kingston Securities Limited, as underwriter, in relation to the underwriting and certain other arrangements in respect of the rights issue of 286,071,250 rights shares at the subscription price of HK\$0.40 per rights share on the basis of one five rights shares for every one EE Share held;
- (hh) the placing agreement dated 28 January 2013 entered into between EE and Kingston Securities Limited, as the placing agent, to place 68,656,000 new EE Shares at a placing price of HK\$0.44 per EE Share;
- (ii) the Underwriting Agreement; and
- (jj) the Undertaking(s).

6. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions or advices, which are contained in this circular.

Name	Qualification
Deloitte Touche Tohmatsu (“Deloitte”)	Certified Public Accountants

As at the Latest Practicable Date, Deloitte did not have direct or indirect shareholdings in any member of the Group, or any right to subscribe for or to nominate persons to subscribe for shares in any member of the Group, or any interests, directly or indirectly, in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to any member of the Group since 31 March 2012, being the date to which the latest published audited accounts of the Company were made up.

Deloitte has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its report or opinion as set out in this circular and references to its name in the form and context in which they appear.

7. 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 Unit 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong; and
- (d) The English text of this circular prevails over the Chinese text.

8. 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 Unit 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 letters of consent referred to in the paragraph headed "Expert and consent" above;
- (c) the material contracts referred to in the paragraph headed "Material Contracts" above;
- (d) the letter from Deloitte Touche Tohmatsu in respect of the unaudited pro forma financial information of the Group as set out in Appendix III to this circular;

- (e) the annual reports of the Company for each of the three financial year ended 31 March 2010, 31 March 2011 and 31 March 2012;
- (f) the interim report of the Company for the six months ended 30 September 2012;
- (g) the annual reports of EE for each of the three financial year ended 31 March 2010, 31 March 2011 and 31 March 2012;
- (h) the interim report of EE for the six months ended 30 September 2012;
- (i) the circular issued by the Company on 3 June 2011 in relation to the major transaction for the proposed acquisition of properties situated at Ground Floor to the Second Floor of Block A, Ground Floor to the First Floor of Block B; and Ground Floor to the First Floor of Block D of Nos. 301, 301A-C Prince Edward Road West, Kowloon, Hong Kong at a total consideration of HK\$131,300,000;
- (j) the circular issued by the Company on 30 September 2011 in relation to (1) the major transaction involving the conditional share purchase from Mr. Park Jong Yong; and (2) the very substantial acquisition involving the possible mandatory conditional offer by Altus Investments Limited on behalf of the Company to purchase all the issued shares in the share capital of EE (other than those already owned or agreed to be acquired by the Company and parties acting in concert with it);
- (k) the composite offer document issued by the Company and EE dated 21 October 2011 relating to the mandatory conditional offer by Altus Investments Limited on behalf of the Company to purchase all the issued shares in the share capital of EE (other than those already owned or agreed to be acquired by the Company and parties acting in concert with it);
- (l) the circular issued by the Company on 16 January 2012 in relation to the major transaction involving the disposal of EE Shares by way of placing of 47,000,000 existing shares of EE which were held by Goodco;
- (m) the circular issued by the Company on 22 March 2012 in relation to the major transaction involving the acquisition of a property situated at Ground Floor, No. 6 Cannon Street, Causeway Bay, Hong Kong at a consideration of HK\$180,000,000 by EE;

- (n) the circular issued by the Company on 25 June 2012 in relation to the major transaction involving the acquisition of 4 properties situated at 2/F to 5/F of No. 15 Matheson Street, Causeway Bay, Hong Kong at a total consideration of HK\$62,000,000 by EE;
- (o) the circular issued by the Company on 19 July 2012 in relation to the major transaction involving the acquisition of all the issued shares and loan of Total Expect Limited at a total consideration of HK\$61,750,000; and
- (p) this circular.