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

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

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

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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**

**DEEMED DISPOSAL OF INTERESTS IN  
EASYKNIT ENTERPRISES HOLDINGS LIMITED**

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\* *for identification only*

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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:*

“Announcement”	the joint announcement dated 11 September 2013 issued by the Company and Easyknit Enterprises
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong
“Company” or “Easyknit International”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the Placing
“Deemed Disposal”	the dilution of the Company’s interest in the capital of Easyknit Enterprises approximately from 43.52% to 36.27% upon completion of the Placing
“Directors”	the directors of the Company
“Easyknit Enterprises”	Easyknit Enterprises Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“EE Board”	the board of EE Directors
“EE Directors”	the directors of Easyknit Enterprises
“EE Group”	Easyknit Enterprises and its subsidiaries
“EE Shareholders”	holders of EE Shares
“EE Shares”	share at HK\$0.01 each in the share capital of Easyknit Enterprises
“Group”	the Company and its subsidiaries
“Independent Third Parties”	parties which are not connected persons of Easyknit Enterprises and are independent of Easyknit Enterprises and its connected person

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Latest Practicable Date”	27 September 2013, being the latest practicable date prior to the printing of this circular for ascertaining information contained herein
“Long Stop Date”	11 October 2013 or such later date to be agreed between Easyknit Enterprises and the Placing Agent in writing
“major transaction”	the meaning ascribed thereto in the Listing Rules
“Placee(s)”	independent professional, institutional or individual investors to be procured by the Placing Agent on a best effort basis
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry out business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 11 September 2013 entered into between Easyknit Enterprises and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.063 per Placing Share
“Placing Share(s)”	a maximum of 329,540,000 new EE Shares to be placed by the Placing Agent pursuant to the Placing Agreement
“Shareholders”	holders of the shares of the Company
“Shares”	share at HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Property”	Ground Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong and is now occupied as a retail shop
“HK\$”	Hong Kong dollars



**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

*Non-executive Director:*

Mr. Tse Wing Chiu Ricky

*Independent Non-executive Directors:*

Mr. Tsui Chun Kong

Mr. Jong Koon Sang

Mr. Hon Tam Chun

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

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

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

30 September 2013

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION**

**DEEMED DISPOSAL OF INTERESTS IN  
EASYKNIT ENTERPRISES HOLDINGS LIMITED**

**INTRODUCTION**

Reference is made to the Announcement. On 11 September 2013, Easyknit Enterprises entered into the Placing Agreement, pursuant to which, the Placing Agent agreed to place, on a best effort basis, to not less than six independent Placees of up to 329,540,000 new EE Shares at a price of HK\$0.063 per Placing Share.

Upon Completion, the Company's interest in Easyknit Enterprises will be diluted approximately from 43.52% to 36.27%. The Company is therefore deemed to have disposed of 7.25% interest in Easyknit Enterprises. The Board confirmed that since the Company's interests in the Easyknit Enterprises is less than 40%, Easyknit Enterprises will no longer be a subsidiary of the Company upon the Completion.

\* for identification only

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## LETTER FROM THE BOARD

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As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules are above 25% but less than 75%, the Deemed Disposal constitutes a major transaction of the Company. Accordingly, the Company is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, none of the Shareholders is interested in the Deemed Disposal and, accordingly, no Shareholder is required to abstain from voting at the SGM.

The purpose of this circular is to provide you with, among other things, (a) details of the Deemed Disposal and (b) the financial information of the Group.

### THE PLACING AGREEMENT

#### Date

11 September 2013, after trading hours

#### Parties

- (a) Easyknit Enterprises; and
- (b) the Placing Agent

To the best of the Directors and EE Directors' knowledge, information and belief and having made all reasonable enquiries, the Placing Agent and their ultimate beneficial owners are Independent Third Parties.

#### Placees

The Placing Shares will be placed to not fewer than six Placees which are independent professional, institutional or other investors, and who and whose ultimate beneficial owners are third parties independent of and not connected or acting in concert with any directors, chief executive or substantial shareholders of Easyknit Enterprises or its subsidiaries or any of their respective associates. None of the Placees will become a substantial shareholder (as defined in the Listing Rules) of Easyknit Enterprises as a result of the Placing.

#### Placing Shares

Up to 329,540,000 Placing Shares will be placed by the Placing Agent on a best effort basis. The Placing Shares represent (i) approximately 20.0% of the entire issued share capital of Easyknit Enterprises of 1,647,766,000 EE Shares as at the date of the Announcement; and (ii) approximately 16.67% of the enlarged issued share capital of Easyknit Enterprises of 1,977,306,000 EE Shares after the Placing.

#### Ranking of Placing Shares

The Placing Shares will, upon issue, rank *pari passu* in all respects with the EE Shares which are in issue on the date of allotment and issue of the Placing Shares.

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## LETTER FROM THE BOARD

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### Placing Price

The Placing Price of HK\$0.063 per Placing Share was agreed after arm's length negotiations between Easyknit Enterprises and the Placing Agent, with reference to, amongst other things, the recent trading price of the EE Shares on the Stock Exchange. The Placing Price represents:

- (i) a discount of approximately 1.563% to the closing price of HK\$0.064 per EE Share as quoted on the Stock Exchange on the date of Announcement; and
- (ii) a discount of approximately 7.895% to the average closing price of approximately HK\$0.0684 per EE Share as quoted on the Stock Exchange for the last 5 trading days of the EE Shares immediately prior to the date of Announcement.

### General Mandate

The Placing Shares will be issued pursuant to the general mandate to allot, issue and deal with up to 329,540,000 EE Shares, which was granted to the EE Directors by a resolution of the EE Shareholders passed at the annual general meeting of Easyknit Enterprises on 2 August 2013.

### Conditions Precedent

The Placing is conditional upon, amongst others:

1. (if necessary) the approval by the Shareholders at the general meeting of the Company of the dilution of Company's shareholdings in Easyknit Enterprises as a result of the Placing Agreement and the transactions contemplated hereby and/or all other consents and acts required under the Listing Rules having been obtained and completed;
2. the Listing Committee having granted listing of, and permission to deal in, the EE Shares to be issued under the Placing, and such listing and permission not having been subsequently revoked;
3. the Bermuda Monetary Authority having granted all, and not revoking any necessary approvals and permissions for the creation, allotment and issue of new EE Shares to be issued under the Placing; and
4. the obligations of the Placing Agent under this Placing Agreement not being terminated in accordance with the terms hereof, including provisions regarding force majeure event.

If the conditions precedent of the Placing are not fulfilled on or before the Long Stop Date, the Placing Agreement and the obligations of the parties thereunder shall cease and terminate at that time and neither Easyknit Enterprises nor the Placing Agent shall be under any liability to the other under the Placing Agreement, save for the liability in respect of any antecedent breach of the Placing Agreement.

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## LETTER FROM THE BOARD

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### Completion

Completion was taken place on 24 September 2013, and the Company's percentage share of the issued share capital of Easyknit Enterprises is diluted approximately from 43.52% to 36.27% and is no longer a subsidiary of the Company; its financial position and results will not be consolidated into those of the Company. Easyknit Enterprises will be accounted for an associate of the Company.

### REASONS FOR THE PLACING AND USE OF PROCEEDS

As at the Latest Practicable Date, all the Placing Shares are successfully placed by the Placing Agent, the gross proceeds from the Placing is approximately HK\$20,800,000. The net proceeds, after deducting the placing commission and other related expenses, is approximately HK\$20,000,000.

The EE Directors confirmed that the net proceeds will be used for the general working capital of the EE Group.

### EFFECTS ON SHAREHOLDING STRUCTURE OF EASYKNIT ENTERPRISES

For illustration purpose, the shareholding structure of Easyknit Enterprises immediately before and after the completion of the Placing is set out below:

	As at the date of this announcement		Immediately after completion of the Placing	
	<i>No. of EE Shares</i>	<i>Approximate %</i>	<i>Number of EE Shares</i>	<i>Approximate %</i>
Easyknit International and parties acting in concert with it	717,211,200	43.52	717,211,200	36.27
Placees	0	0	329,540,000	16.67
Public shareholders	930,554,800	56.48	930,554,800	47.06
Total	<u>1,647,766,000</u>	<u>100.00</u>	<u>1,977,306,000</u>	<u>100.00</u>

### INFORMATION ON THE COMPANY AND EE GROUP

The Company is principally engaged in the business of property investments, property development, garment sourcing and exporting businesses, investment in securities and loan financing.

EE Group is principally engaged in property investments, garment sourcing and exporting businesses, investment in securities and loan financing.



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## LETTER FROM THE BOARD

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### FINANCIAL INFORMATION OF EASYKNIT ENTERPRISES

Set out below is certain financial information extracted from the annual reports of Easyknit Enterprises for the years ended 31 March 2013 and 2012:

	For the year ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
	(Audited)	(Audited)
Revenue	223,756	286,916
Loss before taxation	(1,138)	(40,670)
Profit/(Loss) after taxation	<u>4,695</u>	<u>(34,762)</u>

### FINANCIAL EFFECTS OF THE DEEMED DISPOSAL ON THE GROUP

Upon Completion, the Company's interest in Easyknit Enterprises is diluted approximately from 43.52% to 36.27%. The Board confirmed that since the Company's interest in Easyknit Enterprises is less than 40% upon Completion, Easyknit Enterprises is no longer a subsidiary of the Company and its financial position and results will not be consolidated into those of the Company, but it will be accounted for an associate of the Company. The Directors confirmed that, as at the Latest Practicable Date, the Company has no intention to sell the remaining interest of Easyknit Enterprises.

A net loss of approximately HK\$28 million would be recognized in the consolidated income statement of the Company, and of approximately HK\$28 million decrease in the net assets of the Group immediately after the Completion due to the net loss from Deemed Disposal.

The exact financial effects of the Deemed Disposal are subject to the review by the Company's auditors.

### LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the Deemed Disposal are more than 25% but less than 75%, the Deemed Disposal constitutes a major transaction to the Company and is subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

### WRITTEN SHAREHOLDERS' APPROVAL

The Directors, including the independent non-executive Directors, are of the view that the Deemed Disposal is fair and reasonable, on normal commercial terms and in the interests of the Shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of the resolution approving the Deemed Disposal if a physical general meeting were to be convened.

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## LETTER FROM THE BOARD

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Pursuant to Rule 14.44 of the Listing Rules, written shareholders' approval of the Deemed Disposal has been obtained from Sea Rejoice Limited and Magical Profits Limited, which together hold approximately 58.69% of the issued shares of Easyknit International.

Sea Rejoice Limited, which holds 17,429,664 shares, representing approximately 21.95% of the issued shares of Easyknit International, is wholly-owned by Ms. Lui Yuk Chu, the vice president and an executive director of Easyknit International and Easyknit Enterprises. Magical Profits Limited, which holds 29,179,480 shares, representing approximately 36.74% of the issued shares of Easyknit International 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, the daughter of Ms. Lui Yuk Chu and an executive director of Easyknit International and Easyknit Enterprises) 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.

So far as the Company is aware, having made all reasonable enquiries, no Shareholder has a material interest in, and would be required to abstain from voting on the resolution to approve the Deemed Disposal if the Company were to convene a general meeting for approving the Deemed Disposal.

### **ADDITIONAL INFORMATION**

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

Yours faithfully,  
For and on behalf of  
**Easyknit International Holdings Limited**  
**Kwong Jimmy Cheung Tim**  
*President and Chief Executive Officer*

**1. FINANCIAL SUMMARY OF THE GROUP**

The published audited consolidated financial statements of the Group for the years ended 31 March 2011, 2012 and 2013 are disclosed in the annual reports of the Company for the years ended 31 March 2011, 2012 and 2013. They can be accessed on the websites of the Company ([www.easyknit.com](http://www.easyknit.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

**2. WORKING CAPITAL**

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

**3. INDEBTEDNESS**

At the close of business on 31 August 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\$1,518.7 million, of which approximately HK\$1,351.0 million and HK\$167.7 million were guaranteed by the Company and Easyknit Enterprises respectively, and were secured by certain investment properties of the Group. The bank borrowings comprised bank loans of approximately HK\$1,517.6 million and interests payable of approximately HK\$1.1 million.

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

**4. MATERIAL CHANGE**

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

**5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

As disclosed in the annual report of the Company for the year ended 31 March 2013, the Group's focused approach of developing unique properties tailoring to the need of specific market segment will enable it to maintain significant return from its property portfolio. The current low-interest rate is expected to fuel demand from households seeking to improve their living environment. Sales at project of Prince Edward Road West are expected to be booked during next financial year.

Because of the decrease in the import of garments by USA during the year, the market for garment export remains volatile and highly competitive. Under such market conditions, the Group expects continuing challenges for the garment sourcing and exporting businesses for the year 2013/14.

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

The Group will stay in alerted caution, solidify its financial and asset positions, and continue to intensify its investment in properties so as to transform the potential value of the investments into a shareholders' value, generating sustained revenue for the shareholders.

## 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 balance 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**

— *Easyknit Enterprises*

Name of director	Capacity	Number of ordinary shares held (long position)	Approximate percentage of interests
Ms. Lui Yuk Chu	Beneficiary of a trust (note iii)	717,211,200	36.27%
Ms. Koon Ho Yan Candy (note iv)	Beneficiary of a trust	717,211,200	36.27%

*Notes:*

- (iii) 314,267,376 shares and 402,493,824 shares are registered in the name of and are beneficially owned by Landmark Profits Limited and Goodco Development Limited respectively, both companies are wholly-owned subsidiaries of the Company. 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 was 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:

<b>Name of Shareholder</b>	<i>Note</i>	<b>Capacity</b>	<b>Number of ordinary shares held (long position)</b>	<b>Approximate percentage of interest</b>
Koon Wing Yee	<i>i</i>	Interest of spouse	46,609,144	58.69%
Sea Rejoice Limited	<i>i &amp; ii</i>	Beneficial owners	17,429,664	21.95%
Magical Profits Limited	<i>i &amp; 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 &amp; 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%
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%



Name of Shareholder	Note	Capacity	Number of ordinary shares held (long position)	Approximate percentage of interest
HSBC Holdings plc	iii	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 balance 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

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 pending or threatened by or against the Company or any of its subsidiaries.

**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 placing agreement dated 30 May 2012 entered into between Easyknit Enterprises 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;
- (b) the agreement dated 20 June 2012 entered into between Kingbest Capital Holdings Limited, a wholly-owned subsidiary of the Company, as purchaser and Total Expect Limited as vendor, for the sale and purchase of total issued share capital of Total Expect Limited and its loan for a total consideration of HK\$228,800,000;
- (c) the placing agreement dated 18 July 2012 entered into between Easyknit Enterprises and Kingston Securities Limited, as the placing agent, to place 114,700,000 new shares of Easyknit Enterprises at a placing price of HK\$0.106 per share;
- (d) the underwriting agreement dated 15 August 2012 entered into between Easyknit Enterprises and Kingston Securities Limited, as the underwriter, to underwrite 381,428,337 rights shares of Easyknit Enterprises at a subscription price of HK\$0.077 per rights share;
- (e) a tenancy agreement dated 12 September 2012 entered into between Easyknit Worldwide Company Limited, a wholly-owned subsidiary of Easyknit Enterprises, 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 at HK\$208,000;
- (f) the underwriting agreement dated 11 October 2012 entered into between Easyknit Enterprises and Kingston Securities Limited, as the underwriter, in relation to the underwriting and certain other arrangements in respect of the rights issue of 286,071,250 rights shares at the subscription price of HK\$0.40 per rights share;
- (g) the placing agreement dated 28 January 2013 entered into between Easyknit Enterprises and Kingston Securities Limited, as the placing agent, to place 68,656,000 new shares of Easyknit Enterprises at a placing price of HK\$0.44 per share;

- (h) the underwriting agreement dated 5 April 2013 entered into between Easyknit Enterprises and Kingston Securities Limited, as the underwriter, in relation to the underwriting and certain other arrangements in respect of rights issue of 1,235,824,000 rights shares at the subscription price of HK\$0.10 per rights shares; and
- (i) the Placing Agreement.

**6. GENERAL**

- (a) The company secretary of the Company is Mr. Lee Po Wing, a practising solicitor since 1994 with extensive experience in the legal field;
- (b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business of the Company in Hong Kong is at 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.

**7. 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 material contracts referred to in the paragraph headed "Material Contracts" above;
- (c) the annual reports of the Company for each of the three financial year ended 31 March 2011, 31 March 2012 and 31 March 2013; and
- (d) this circular.