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JOINT ANNOUNCEMENT



Easyknit Enterprises Holdings Limited
永義實業集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock code: 0616)

**(1) PROPOSED CAPITAL
REORGANISATION INVOLVING
SHARE CONSOLIDATION,
CAPITAL REDUCTION AND
AUTHORISED CAPITAL INCREASE;**

(2) CHANGE IN BOARD LOT SIZE;

AND

**(3) PROPOSED RIGHTS ISSUE ON THE
BASIS OF TWENTY RIGHTS SHARES
FOR EVERY ONE ADJUSTED SHARE
HELD AT THE RECORD DATE**



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 THE
FULL ACCEPTANCE OF
ALLOTMENT UNDER THE
PROPOSED RIGHTS ISSUE OF
EASYKNIT ENTERPRISES
HOLDINGS LIMITED**

Underwriter of the proposed Rights Issue



結好證券有限公司
GET NICE SECURITIES LIMITED

PROPOSED CAPITAL REORGANISATION

The EE Board proposes to put forward to the EE Shareholders a proposal to effect the Capital Reorganisation which will comprise:

- (i) Share Consolidation: that every twenty (20) issued and unissued Existing Shares be consolidated into one (1) Consolidated Share;

** for identification only*

- (ii) Capital Reduction: that (i) the issued share capital of Easyknit Enterprises be reduced by the cancellation of the paid-up capital of Easyknit Enterprises to the extent of HK\$0.19 on each of the then issued Consolidated Shares in the share capital of Easyknit Enterprises such that the par value of each issued Consolidated Share will be reduced from HK\$0.20 to HK\$0.01; (ii) the authorised share capital of Easyknit Enterprises be reduced by reducing the par value of all Consolidated Shares in the authorised share capital of Easyknit Enterprises from HK\$0.20 each to HK\$0.01 each, resulting in the reduction of the authorised share capital of Easyknit Enterprises from HK\$200,000,000 divided into 1,000,000,000 Consolidated Shares to HK\$10,000,000 divided into 1,000,000,000 Adjusted Shares; and (iii) the credit amount arising from the reduction of the issued share capital of Easyknit Enterprises be transferred to the contributed surplus account of Easyknit Enterprises; and
- (iii) Authorised Capital Increase: that the authorised share capital of Easyknit Enterprises be increased from HK\$10,000,000 divided into 1,000,000,000 Adjusted Shares to HK\$200,000,000 divided into 20,000,000,000 Adjusted Shares.

The Capital Reorganisation is conditional upon, inter alia, the approval of the EE Shareholders at the SGM of Easyknit Enterprises.

CHANGE IN BOARD LOT SIZE

The EE Board also proposes to change the board lot size for trading in the EE Shares from 1,000 Existing Shares to 3,000 Adjusted Shares subject to and after the Capital Reorganisation becoming effective.

PROPOSED RIGHTS ISSUE

Easyknit Enterprises proposes to raise approximately HK\$329.2 million, before expenses, by way of Rights Issue of 506,399,020 Rights Shares at the Subscription Price of HK\$0.65 per Rights Share on the basis of twenty (20) Rights Shares for every one (1) Adjusted Share held at the Record Date and payable in full on acceptance. The estimated net proceeds from the Rights Issue will be approximately HK\$326 million, of which approximately HK\$260 million are intended to be used for the redevelopment of Inverness Road Project and the remaining balance of approximately HK\$66 million for general corporate purposes.

As at the date of this announcement, Easyknit International, through Landmark Profits and Goodco, is interested in 207,406,233 EE Shares, representing approximately 40.96% of the total issued share capital of Easyknit Enterprises. Each of Landmark Profits and Goodco has irrevocably undertaken to Easyknit Enterprises and the Underwriter that the EE Shares beneficially owned by them will not be disposed of or transferred from the date of the Undertakings, being the date of the Underwriting Agreement, to the Record Date and that the Rights Shares to be allotted in respect of those Adjusted Shares will be taken up in full, representing a total of 207,406,220 Rights Shares. Landmark Profits and Goodco will not apply for any excess Rights Shares.

The Rights Issue will be underwritten by the Underwriter, conditional upon, inter alia: (i) approval having been obtained at the SGM of Easyknit Enterprises from the Independent EE Shareholders for the proposed Rights Issue and transactions contemplated thereunder; and (ii) the Capital Reorganisation becoming effective. Further details of the underwriting arrangement are set out in the paragraph headed "Underwriting Agreement for the Rights

Issue” in this announcement. If the conditions are not fulfilled (or waived, where applicable) or the Underwriting Agreement is terminated, the Rights Issue will not proceed.

WARNING OF THE RISK OF DEALING IN THE EE SHARES, THE ADJUSTED SHARES AND NIL-PAID RIGHTS SHARES

The EE Share(s) are expected to be adjusted and dealt in on an ex-rights basis from Thursday, 19 March 2015. Dealings in the Rights Shares in the nil-paid form will take place from Monday, 30 March 2015 to Thursday, 9 April 2015 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated, the Rights Issue will not proceed.

Any EE Shareholders or other persons dealing in Adjusted Shares up to the date on which all the conditions to which the Rights Issue is subject to are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from Monday, 30 March 2015 to Thursday, 9 April 2015 (both dates inclusive) will bear the risk that the Rights Issue may not become unconditional and may not proceed. If in any doubt, investors should consult their professional advisers.

LISTING RULES IMPLICATIONS

Easyknit Enterprises

The number of Rights Shares to be issued pursuant to the Rights Issue represents twenty times Easyknit Enterprises’ issued share capital after the Capital Reorganisation and approximately 95.2% of Easyknit Enterprises’ adjusted and enlarged issued share capital immediately following the Capital Reorganisation coming into effect and the completion of the Rights Issue. As the Rights Issue will increase the issued share capital of Easyknit Enterprises by more than 50.0%, pursuant to Rule 7.19(6)(a) of the Listing Rules, the Rights Issue is subject to the approval from Independent EE Shareholders at the SGM of Easyknit Enterprises.

In accordance with the Listing Rules, Goodco, Landmark Profits and their respective associates will abstain from voting on the resolution(s) to approve the proposed Rights Issue and transactions contemplated thereunder at the SGM of Easyknit Enterprises.

Easyknit International

The consideration for the subscription in full for the entitlement of Easyknit International under the proposed Rights Issue is approximately HK\$134.8 million and in aggregate with the subscription under the previous rights issue of Easyknit Enterprises as announced on 5 September 2014 exceeds 25.0% but is less than 100.0% of the applicable percentage ratio (as defined under the Listing Rules) and therefore the aggregate subscriptions constitute a major transaction for Easyknit International under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders’ approval requirements under the Listing Rules.

DESPATCH OF CIRCULARS

An EE Circular containing, inter alia: (i) further information of the proposed Capital Reorganisation, the proposed Rights Issue and transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee in respect of the proposed Rights Issue and transactions contemplated thereunder; (iii) a letter of advice from the

independent financial adviser to the Independent Board Committee and the Independent EE Shareholders on the proposed Rights Issue and transactions contemplated thereunder; and (iv) a notice of the SGM, will be despatched to the EE Shareholders on or before Monday, 2 March 2015.

An EI Circular containing, inter alia, further information on the subscription of the Rights Shares will be despatched to the EI Shareholders on or before Monday, 2 March 2015.

PROPOSED CAPITAL REORGANISATION

The EE Board proposes to put forward to the EE Shareholders a proposal to effect the Capital Reorganisation which will comprise:

- (i) Share Consolidation: that every twenty (20) issued and unissued Existing Shares be consolidated into one (1) Consolidated Share;
- (ii) Capital Reduction: that (i) the issued share capital of Easyknit Enterprises be reduced by the cancellation of the paid-up capital of Easyknit Enterprises to the extent of HK\$0.19 on each of the then issued Consolidated Shares in the share capital of Easyknit Enterprises such that the par value of each issued Consolidated Share will be reduced from HK\$0.20 to HK\$0.01; (ii) the authorised share capital of Easyknit Enterprises be reduced by reducing the par value of all Consolidated Shares in the authorised share capital of Easyknit Enterprises from HK\$0.20 each to HK\$0.01 each, resulting in the reduction of the authorised share capital of Easyknit Enterprises from HK\$200,000,000 divided into 1,000,000,000 Consolidated Shares to HK\$10,000,000 divided into 1,000,000,000 Adjusted Shares; and (iii) the credit amount arising from the reduction of the issued share capital of Easyknit Enterprises be transferred to the contributed surplus account of Easyknit Enterprises; and
- (iii) Authorised Capital Increase: that the authorised share capital of Easyknit Enterprises be increased from HK\$10,000,000 divided into 1,000,000,000 Adjusted Shares to HK\$200,000,000 divided into 20,000,000,000 Adjusted Shares.

Effects of the Capital Reorganisation

As at the date of this announcement, Easyknit International held an outstanding convertible note in principal amount of HK\$20,000,000 which is convertible into EE Shares during the five-year period commencing from 27 March 2014 at the prevailing conversion price of HK\$2.498 per EE Share.

With the exception of the above, as at the date of this announcement, Easyknit Enterprises does not have any outstanding share options granted under any of its share option scheme or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into EE Shares.

Based on Easyknit Enterprises' existing authorised share capital of HK\$200,000,000, represented by 20,000,000,000 Existing Shares and the existing issued share capital of HK\$5,063,990.31, represented by 506,399,031 Existing Shares, upon completion of the Capital Reorganisation, the authorised share capital of Easyknit Enterprises will remain at HK\$200,000,000, represented by 20,000,000,000 Adjusted Shares, and the issued share capital will be HK\$253,199.51 represented by 25,319,951 Adjusted Shares.

Any fraction of Adjusted Shares arising from the Capital Reorganisation will be aggregated and sold (if a premium, net of expenses, can be obtained) for the benefit of Easyknit Enterprises. The Adjusted Shares will rank pari passu in all respects with each other.

The effect of the Capital Reorganisation is summarised below:

	Prior to the Capital Reorganisation	Immediately following the Capital Reorganisation becoming effective (Note)
Par value of each Existing Share / Adjusted Share in issue	HK\$0.01	HK\$0.01
Number of authorised Existing Shares / Adjusted Shares	20,000,000,000	20,000,000,000
Authorised share capital	HK\$200,000,000	HK\$200,000,000
Number of Existing Shares / Adjusted Shares in issue	506,399,031	25,319,951
Issued and fully paid-up share capital	HK\$5,063,990.31	HK\$253,199.51

Note: The issued share capital of Easyknit Enterprises immediately after the Capital Reorganisation becoming effective is presented on the assumption that no further EE Shares would be issued or repurchased between the date of this announcement and the date of the SGM of Easyknit Enterprises. Any fraction arising from the Capital Reorganisation is not shown in the table.

Based on 506,399,031 Existing Shares in issue as at the date of this announcement, a credit of approximately HK\$4.81 million will arise as a result of the Capital Reorganisation and will be transferred to the contributed surplus account of Easyknit Enterprises. The EE Board intends to apply the credit amount arising from the Capital Reduction to set-off the accumulated losses of Easyknit Enterprises.

Implementation of the Capital Reorganisation will not, of itself, alter the underlying assets, business operations, management or financial position of Easyknit Enterprises or the proportionate interests of the EE Shareholders, except for the payment of the related expenses. The EE Board believes that the Capital Reorganisation will not have any adverse effect on the financial position of the EE Group and the EE Board believes that on the date the Capital Reorganisation is to be effected, there will be no reasonable grounds for believing that Easyknit Enterprises is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. No capital will be lost as a result of the Capital Reorganisation and, except for the expenses involved in relation to the Capital Reorganisation which are expected to be insignificant in the context of the net asset value of Easyknit Enterprises, the net asset value of Easyknit Enterprises will remain unchanged before and after the Capital Reorganisation becoming effective. The Capital Reorganisation does not involve any diminution of any liability in respect of any unpaid capital of Easyknit Enterprises or the repayment to the EE Shareholders of any paid-up capital of Easyknit Enterprises nor will it result in any change in the relative rights of the EE Shareholders.

Details of the arrangements with regard to parallel trading arrangements, odd lot matching services and the free exchange of share certificates will be included in the EE Circular to be despatched to the EE Shareholders.

Reasons for the Capital Reorganisation

The Capital Reorganisation is expected to bring about a corresponding upward adjustment in the trading price of the Adjusted Share and an increase in trading price per board lot, and hence reduce the overall transaction and handling costs for dealing in the Adjusted Shares. The Capital Reorganisation will provide greater flexibility for equity fund raising of Easyknit Enterprises in the future. The credit arising from the Capital Reduction will enable Easyknit Enterprises to set-off its accumulated loss, thus allowing greater flexibility for Easyknit Enterprises for future distributions to the EE Shareholders or in any manner permitted by the laws of Bermuda and the bye-laws as and when the EE Board considers appropriate.

In view of the above, the EE Board believes that the Capital Reorganisation is beneficial to Easyknit Enterprises and EE Shareholders as a whole.

The issued Adjusted Shares will rank *pari passu* in all respects with each other, and the Capital Reorganisation will not result in any change in the relative rights of EE Shareholders. Any fractional entitlements to the Adjusted Shares will be aggregated and sold (less expenses) for the benefit of Easyknit Enterprises.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon, *inter alia*, the following:

- (a) the passing of the necessary resolutions by the EE Shareholders at the SGM of Easyknit Enterprises to approve the Capital Reorganisation;
- (b) compliance with the relevant legal procedures and requirements under the Listing Rules and the Companies Act to effect the Capital Reorganisation; and
- (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares.

Expected effective date of the Capital Reorganisation

Subject to the above conditions being fulfilled, the Capital Reorganisation is expected to become effective on Wednesday, 18 March 2015.

Listing and dealings

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Adjusted Shares arising from the Capital Reorganisation.

The Adjusted Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid.

Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Adjusted Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Free exchange of share certificates

Subject to the Capital Reorganisation becoming effective, EE Shareholders may submit existing share certificates for Existing Shares to branch share registrar of Easyknit Enterprises in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queens Road East, Hong Kong from Wednesday, 18 March 2015 to Thursday, 30 April 2015 (both dates inclusive) to exchange, at the expense of Easyknit Enterprises, for new certificates for the Adjusted Shares. Thereafter, shares certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each share certificate of the Existing Shares cancelled or each new share certificate issued for the Adjusted Shares, whichever number of certificates cancelled/issued is higher. The shares certificates for the Existing Shares will be valid in the form of existing shares certificates for trading and settlement up to 4:00 p.m., Friday, 24 April 2015, being the latest time for trading in board lots of 50 Adjusted Shares (or such other date which will be announced by Easyknit Enterprises) but will continue to be good evidence of legal title after the Capital Reorganisation has become effective and may be exchanged for shares certificates of the Adjusted Shares at any time in accordance with the foregoing.

CHANGE IN BOARD LOT SIZE

The EE Board also proposes to change the board lot size for trading in the EE Shares from 1,000 Existing Shares to 3,000 Adjusted Shares subject to and after the Capital Reorganisation becoming effective.

In order to alleviate the difficulties arising from the existence of odd lots of Adjusted Shares arising from the Capital Reorganisation, Easyknit Enterprises will appoint an agent to stand in the market to provide matching services for the odd lots of Adjusted Shares on a best effort basis. Further details in respect of the odd lots arrangement will be set out in the circular to be despatched by Easyknit Enterprises to the EE Shareholders.

PROPOSED RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	:	Twenty (20) Rights Shares for every one (1) issued Adjusted Share held on the Record Date and payable in full on acceptance
Number of Existing Shares in issue at the date of this announcement	:	506,399,031 Existing Shares

Number of Adjusted Shares in issue upon the Capital Reorganisation becoming effective	: 25,319,951 Adjusted Shares (assuming no issue of new EE Shares or no further repurchase of EE Shares on or before the Record Date)
Number of Rights Shares	: 506,399,020 Adjusted Shares
Aggregate nominal value of the Rights Shares	: HK\$5,063,990.20
Subscription Price	: HK\$0.65 per Rights Shares
Enlarged issued share capital of Easyknit Enterprises immediately upon completion of the Rights Issue	: 531,718,971 EE Shares
Fund raised before expenses	: approximately HK\$329.2 million
Net price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares (assuming no subscription or conversion rights attaching to the convertible note are exercised on or before the Record Date)	: approximately HK\$0.644 per Rights Share
Underwriter	: Get Nice Securities Limited

As at the date of this announcement, Easyknit International held an outstanding convertible note in a principal amount of HK\$20,000,000 which are convertible into EE Shares during the five-year period commencing from 27 March 2014 at the prevailing conversion price of HK\$2.498 per EE Share.

With the exception of the above, as at the date of this announcement, Easyknit Enterprises does not have any outstanding share options granted under any of its share option scheme or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into EE Shares.

Pursuant to the Undertakings as described in the paragraph headed “Undertakings” of the section headed “Underwriting Agreement for the Rights Issue” below, each of Landmark Profits and Goodco has irrevocably undertaken to Easyknit Enterprises and the Underwriter that the EE Shares beneficially owned by them will not be disposed of or transferred from the date of the Undertakings to the Record Date and that the Rights Shares to be allotted in respect of those Adjusted Shares will be taken up in full. In addition, Landmark Profits and Goodco will not apply for any excess Rights Shares. Accordingly, the estimated net proceeds from the Rights Issue will be approximately HK\$326 million, of which approximately HK\$260 million are intended to be used for the redevelopment of Inverness Road Project and the remaining balance of approximately HK\$66 million for general corporate purposes.

Basis of allotment

The basis of allotment will be twenty (20) Rights Shares for every one (1) Adjusted Share in issue and held on the Record Date, and application for all or any part of a Qualifying Shareholder's allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied therefor.

Subscription Price

The Subscription Price for the Rights Shares is HK\$0.65 per Rights Share, payable in full when a Qualifying Shareholder accepts the allotment under the Rights Issue or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represent:

- (i) a discount of approximately 85.56% to the adjusted closing price of HK\$4.52 per Adjusted Share, based on the closing price of HK\$0.226 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (ii) a discount of approximately 85.16% to the adjusted average closing price of HK\$4.38 per Adjusted Share, based on the average closing price of HK\$0.219 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation; and
- (iii) a discount of approximately 21.68% to the theoretical ex-rights price of HK\$0.83 per Adjusted Share after the Rights Issue, based on the closing price of HK\$0.226 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation.

Each Rights Share will have par value of HK\$0.01.

The Subscription Price was determined based on arm's length negotiations between Easyknit Enterprises and the Underwriter with reference to (i) the low trading liquidity of the EE Shares for the recent 12 months; (ii) the prevailing market price of the EE Shares, which has been on a declining trend; (iii) the net loss of the EE Group in the past year; and (iv) the EE Directors' consideration of the future business development of the EE Group.

The substantial discount to the recent closing price of the EE Shares represented by the Subscription Price is made with a view to encourage the Qualifying Shareholders to participate in the Rights Issue while maintaining their shareholdings in Easyknit Enterprises and taking part in the future growth of Easyknit Enterprises. Given the abovementioned factors and as indicated to Easyknit Enterprises during the negotiation of the Underwriting Agreement, this level of Subscription Price is necessary to enable the Underwriter and/or the sub-underwriters to provide the underwriting commitment.

The EE Directors (other than the members of the Independent Board Committee whose view will be set out in the EE Circular to be despatched to the EE Shareholders after receiving the advice of the independent financial adviser) consider that the terms of the Rights Issue,

including the Subscription Price, are fair and reasonable and in the interests of Easyknit Enterprises and the EE Shareholders as a whole.

Status of the Rights Shares

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

Fractional entitlements to the Rights Issues

Easyknit Enterprises will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated and sold in the market, if a premium (net of expenses) can be obtained, for the benefit of Easyknit Enterprises. Any unsold fractions of Rights Shares will be available for excess application.

Qualifying Shareholders

To qualify for the Rights Issue, investors must be registered as members of Easyknit Enterprises and not be a Non-Qualifying Shareholder at the close of business on the Record Date. Non-Qualifying Shareholders are Overseas Shareholders whose names appear on the register of members of Easyknit Enterprises at the close of business on the Record Date whom the EE Board, based on legal opinions to be provided by legal advisers, considers necessary or expedient not to offer the Rights Shares on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place will not be regarded as Qualifying Shareholders.

Easyknit Enterprises is in the process of considering the rights of the Overseas Shareholders (if any) and the arrangements in respect of the Rights Issue for them, including whether it is feasible to extend the Rights Issue to such EE Shareholders.

Further information in this connection will be set out in the Prospectus to be despatched to the EE Shareholders.

Easyknit Enterprises retains the right, in its discretion, to make any arrangement to avoid any offer of Rights Shares to EE Shareholders (without compliance with registration or other legal requirements) outside Hong Kong.

In order to be registered as members of Easyknit Enterprises at the close of business on the Record Date, beneficial owners must lodge any transfers of EE Shares (together with the relevant share certificates) with Easyknit Enterprises' branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 20 March 2015.

Easyknit Enterprises will send the Prospectus Documents to the Qualifying Shareholders only.

Non-Qualifying Shareholders

Easyknit Enterprises will send the Prospectus only (without any PAL and EAF) to the Non-Qualifying Shareholders for their information.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. Easyknit Enterprises will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by Qualifying Shareholders.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted.

Applications for excess Rights Shares can be made only by completing an EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for. The EE Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis but will give preference to topping-up odd lots to whole board lots. Details of the basis of allocation of excess Rights Shares will be disclosed in the Prospectus.

Investors with their EE Shares held by a nominee should note that the nominee is a single EE Shareholder for the purposes of the Rights Issue. Accordingly, investors whose EE Shares are registered in the names of nominees should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended to beneficial owners individually.

Investors with their EE Shares held by a nominee should consider whether they would like to arrange for the registration of the relevant EE Shares in the name of the beneficial owner(s) prior to the Record Date.

Investors whose EE Shares are held by nominee(s) and would like to have their names registered on the register of members of Easyknit Enterprises, must lodge all necessary document with the branch share registrar of Easyknit Enterprises in Hong Kong for completion of the relevant registration by 4:30 p.m. on Friday, 20 March 2015.

The Latest Time for Acceptance of a payment for the Rights Issue will be 4:00 p.m. on Tuesday, 14 April 2015, or such later date or time as may be agreed between Easyknit Enterprises and the Underwriter.

Closure of register of members

The register of members of Easyknit Enterprises will be closed on Monday, 23 March 2015 and re-opened on Tuesday, 24 March 2015. No transfers of EE Shares will be made on the said date.

Share certificates and refund cheques for the Rights Shares

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on or before Wednesday, 22 April 2015 to those who have accepted, or (where applicable) applied for, and paid for the Rights Shares, by ordinary post at their own risk.

Refund cheques in respect of wholly or partly unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Wednesday, 22 April 2015 by ordinary post to the applicants at their own risk.

Conditions of the Rights Issue

The Rights Issue is conditional upon, among other things, each of the following:

- (i) approval having been obtained at the SGM of Easyknit Enterprises from the Independent EE Shareholders for the proposed Rights Issue; and transactions contemplated thereunder;
- (ii) the Capital Reorganisation becoming effective;
- (iii) the registration by and filing with the Registrar of Companies in Hong Kong of the Prospectus Documents;
- (iv) the posting of copies of the Prospectus Documents to the Qualifying Shareholders on the Posting Date;
- (v) compliance with and performance by Easyknit Enterprises of certain undertakings and obligations under the terms of the Underwriting Agreement;
- (vi) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms and such listings and permission to deal not having been withdrawn or revoked on or before 4:00 p.m. on the Settlement Date;
- (vii) if required, the Bermuda Monetary Authority granting its consent to the issue of Rights Shares;
- (viii) the EE Shares remaining listed on the Stock Exchange at all times prior to the Settlement Date and the listing of the EE Shares not having been withdrawn or the trading of the EE Shares not having been suspended for a consecutive period of more than five trading days; and
- (ix) delivery by Easyknit Enterprises to the Underwriter of irrevocable undertakings by Landmark Profits and Goodco to accept their respective entitlement under the Rights Issue and fulfilment of their respective obligations under the undertakings.

The Rights Issue will not proceed if the Underwriting Agreement is terminated.

In the event that the conditions (i), (ii), (iii) and (iv) above are not fulfilled and/or waived (other than condition (i) which cannot be waived in whole or in part by the Underwriter) on or before the despatch of the Prospectus Documents or in the event that the conditions (v), (vi) and (vii) above have not been satisfied/or waived (other than conditions (v) and (vi) above which cannot be waived in whole or part by the Underwriter) on or before 4:00 p.m. on the Settlement Date, (or, in each case, such later date as the Underwriter and Easyknit Enterprises may agree), all liabilities of the parties to the Underwriting Agreement shall cease and neither party shall have any claim against the other (except that certain expenses of the Underwriter shall remain payable by Easyknit Enterprises) and the irrevocable undertakings by Landmark Profits and Goodco to accept their entitlements under the Rights Issue will lapse and the Rights Issue will not proceed.

Application for listing

Easyknit Enterprises will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms). No part of the securities of Easyknit Enterprises is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange, Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time.

The nil-paid Rights Shares, fully-paid Rights Shares will be traded in board lots of 3,000 Adjusted Shares.

Dealings in the Rights Shares in both nil-paid and fully-paid forms which are registered in the branch register of members of Easyknit Enterprises in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

UNDERWRITING AGREEMENT FOR THE RIGHTS ISSUE

Undertakings

As at the date of this announcement, Easyknit International, through Landmark Profits and Goodco, is interested in 207,406,233 EE Shares, representing approximately 40.96% of the total issued share capital of Easyknit Enterprises. As at the date of this announcement, Easyknit International also held an outstanding convertible note in principal amount of HK\$20,000,000 which are convertible into EE Shares during the five-year period commencing from 27 March 2014 at the prevailing conversion price of HK\$2.498 per EE Share.

Each of Landmark Profits and Goodco has irrevocably undertaken to Easyknit Enterprises and the Underwriter that the EE Shares beneficially owned by them will not be disposed of or

transferred from the date of the Undertakings, being the date of the Underwriting Agreement, to the Record Date and that the Rights Shares to be allotted in respect of those Adjusted Shares will be taken up in full, representing a total of 207,406,220 Rights Shares. Landmark Profits and Goodco will not apply for any excess Rights Shares.

Underwriting Agreement

Date	:	2 February 2015
Underwriter	:	Get Nice Securities Limited
Number of Rights Shares being underwritten by the Underwriter	:	All Rights Shares which are not subject to the Undertakings, being 298,992,800 Rights Shares
Commission	:	1.0% of the aggregate Subscription Price in respect of the Rights Shares not subject to the Undertakings, as determined on the Record Date

To the best of the knowledge, information and belief of the EE Directors, having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are third parties independent of Easyknit Enterprises and its connected persons. As at the date of this announcement, the Underwriter has no interest in EE Shares.

The commission rate was determined after arm's length negotiations between Easyknit Enterprises and the Underwriter by reference to the size of the Rights Issue, and the current and expected market conditions. The EE Board considers that the terms of the Underwriting Agreement, including the commission rate, are fair and reasonable as far as Easyknit Enterprises and the EE Shareholders are concerned.

Termination of the Underwriting Agreement

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing given by it to Easyknit Enterprises at any time prior to 4:00 p.m. on the Settlement Date if:

- (a) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (i) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the EE Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the

Underwriter materially and adversely affect the business or the financial or trading position or prospects of the EE Group as a whole; or

- (iii) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the EE Group as a whole; or
- (b) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the absolute opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c) the Prospectus when published contains information (either as to business prospects or the condition of the EE Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by Easyknit Enterprises and which may in the absolute opinion of the Underwriter be material to the EE Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue.

In addition, the Underwriter has the right to terminate the Underwriting Agreement if any material breach of the warranties under the Underwriting Agreement comes to the knowledge of the Underwriter.

Upon the giving of notice of termination, all obligations of the Underwriter under the Underwriting Agreement shall cease and neither it nor Easyknit Enterprises shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that Easyknit Enterprises shall remain liable to pay to the Underwriter the fees and expenses payable under it (other than the underwriting commission). If the Underwriter exercises such right, the Rights Issue will not proceed.

WARNING OF THE RISK OF DEALING IN THE EE SHARES, THE ADJUSTED SHARES AND THE NIL-PAID RIGHTS SHARES

The EE Shares are expected to be adjusted and dealt in on an ex-rights basis from Thursday, 19 March 2015. Dealings in the Rights Shares in the nil-paid form will take place from Monday, 30 March 2015 to Thursday, 9 April 2015 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated, the Rights Issue will not proceed.

Any EE Shareholders or other persons dealing in the Adjusted Shares up to the date on which all the conditions to which the Rights Issue is subject to are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from Monday, 30 March 2015 to Thursday, 9 April 2015 (both dates inclusive) will bear the risk that the Rights Issue may not become unconditional and may not proceed. If in any doubt, investors should consult their professional advisers.

EXPECTED TIMTABLE

The expected timetable for the proposed capital reorganisation, the change in board lot size and the proposed rights issue is set out below:

Event	2015 (Hong Kong time)
Expected date of despatch of the EE Circular	Monday, 2 March
Latest date for lodging proxy forms for the SGM of Easyknit Enterprises	9:10 a.m. on Sunday, 15 March
Expected date and time of the SGM of Easyknit Enterprises	9:10 a.m. on Tuesday, 17 March
Release of the SGM results announcement of Easyknit Enterprises	Tuesday, 17 March
Effective date for the Capital Reorganisation	Wednesday, 18 March
Commencement of dealings in the Adjusted Shares	9:00 a.m. on Wednesday, 18 March
Original counter for trading in existing share certificates in board lots of 1,000 Existing Shares temporarily closes	9:00 a.m. on Wednesday, 18 March
Temporary counter for trading in Adjusted Shares in board lots of 50 Adjusted Shares (in the form of existing share certificates) opens	9:00 a.m. on Wednesday, 18 March
First day of free exchange of existing share certificates for the Existing Shares into new share certificates for Adjusted Shares	9:00 a.m. on Wednesday, 18 March
Last day of dealings in Adjusted Shares on a cum-rights basis	Wednesday, 18 March
First day of dealings in Adjusted Shares on an ex-rights basis	Thursday, 19 March
Latest time for EE Shareholders to lodge transfer of Adjusted Shares in order to qualify for the Rights Issue	4:30 p.m. on Friday, 20 March
Closure of register of members of Easyknit Enterprises	Monday, 23 March
Record date and time	4:00 p.m. on Monday, 23 March
Register of members of Easyknit Enterprises re-opens	Tuesday, 24 March
Despatch of Prospectus Documents	Thursday, 26 March

First day of dealings in nil-paid Rights Shares	9:00 a.m. on Monday, 30 March
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Wednesday, 1 April
Designated broker starts to stand in the market to provide matching services for odd lots of Adjusted Shares	9:00 a.m. on Wednesday, 1 April
Original counter for trading in Adjusted Shares in new board lots of 3,000 Adjusted Shares (in the form of new share certificates) re-opens	9:00 a.m. on Wednesday, 1 April
Parallel trading in Adjusted Shares (in the form of both existing share certificates in board lots of 50 Adjusted Shares and new share certificates in board lots of 3,000 Adjusted Shares) commences	9:00 a.m. on Wednesday, 1 April
Last day of dealings in nil-paid Rights Shares	4:00 pm on Thursday, 9 April
Latest time for the acceptance of, and payment for, the Rights Shares and the application for excess Rights Shares	4:00 p.m. on Tuesday, 14 April
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Friday, 17 April
Announcement of the results of the Right Issue	Tuesday, 21 April
Refund cheques to be despatched in relation to wholly or partially unsuccessful applications for excess Rights Shares	Wednesday, 22 April
Certificates for fully paid Rights Shares to be despatched	Wednesday, 22 April
Commencement of dealings in fully paid Rights Shares	9:00 a.m. on Thursday, 23 April
Temporary counter for trading in board lots of 50 Adjusted Shares (in the form of existing share certificates) closes	4:00 p.m. on Friday, 24 April
Parallel trading in the Adjusted Shares (in the form of new and existing share certificates) ends	4:00 p.m. on Friday, 24 April
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of the Adjusted Shares	4:00 p.m. on Friday, 24 April
Last day of free exchange of certificates for the Existing Shares into new certificates	Thursday, 30 April

Dates specified in this announcement refer to Hong Kong local time and are indicative only and may be varied by agreement between Easyknit Enterprises and the Underwriter. EE Shareholders will be notified of any changes to the expected timetable as and when necessary. Easyknit Enterprises will make further announcement accordingly.

EFFECT ON THE SHAREHOLDING STRUCTURE OF EASYKNIT ENTERPRISES

Under the scenarios of (i) the conversion rights attaching to the outstanding convertible note are not exercised; and (ii) full exercise of the outstanding convertible note, set out below the shareholding structure of Easyknit Enterprises (a) as at the date of this announcement; (b) immediately after Capital Reorganisation but before the completion of the Rights Issue; (c) immediately after completion of the Rights Issue assuming all Rights Shares are taken up by Qualifying Shareholder; (d) immediately after completion of the Rights Issue assuming only Landmark Profits and Goodco take up their Rights Shares.

Scenario 1: no exercise of the outstanding convertible note

	As at the date of this announcement		Immediately after the Capital Reorganisation but before the completion of the Rights Issue		Immediately after the completion of the Rights Issue (all Rights Shares are subscribed by the Qualifying Shareholders)		Immediately after the completion of the Rights Issue (only Landmark Profits and Goodco have subscribed the Rights Shares)	
	No. of Existing Shares	%	No. of Adjusted Shares	%	No. of Adjusted Shares	%	No. of Adjusted Shares	%
<i>Landmark Profits Goodco</i>	42,426,090	8.38	2,121,304	8.38	44,547,384	8.38	44,547,384	8.38
Ordinary EE Shares	164,980,143	32.58	8,249,007	32.58	173,229,147	32.58	173,229,147	32.58
Underlying EE Shares of the outstanding convertible notes	8,006,405		To be adjusted		To be adjusted		To be adjusted	
Sub-total	207,406,233	40.96	10,370,311	40.96	217,776,531	40.96	217,776,531	40.96
<i>Public</i>								
Underwriter	-	0.00	-	0.00	-	0.00	298,992,800	56.23
Other public Shareholders	298,992,798	59.04	14,949,640	59.04	313,942,440	59.04	14,949,640	2.81
Total	506,399,031	100.00	25,319,951	100.00	531,718,971	100.00	531,718,971	100.00

Scenario 2: full exercise of the outstanding convertible note

	As at the date of this announcement		Immediately after the Capital Reorganisation but before the completion of the Rights Issue		Immediately after the completion of the Rights Issue (all Rights Shares are subscribed by the Qualifying Shareholders)		Immediately after the completion of the Rights Issue (only Landmark Profits and Goodco have subscribed the Rights Shares)	
	No. of Existing Shares	%	No. of Adjusted Shares	%	No. of Adjusted Shares	%	No. of Adjusted Shares	%
<i>Landmark Profits</i>	42,426,090	8.25	2,121,304	8.25	44,547,384	8.25	44,547,384	8.25
<i>Goodco</i>								
Ordinary EE Shares	172,986,548	33.63	8,649,327	33.63	181,635,867	33.63	181,635,867	33.63
Underlying EE Shares of the outstanding convertible note	-	0.00	-	0.00	-	0.00	-	0.00
Sub-total	215,412,638	41.88	10,770,631	41.88	226,183,251	41.88	226,183,251	41.88
<i>Public</i>								
Underwriter	-	0.00	-	0.00	-	0.00	298,992,800	55.35
Other public Shareholders	298,992,798	58.12	14,949,640	58.12	313,942,440	58.12	14,949,640	2.77
Total	514,405,436	100.00	25,720,271	100.00	540,125,691	100.00	540,125,691	100.00

Following the Rights Issue, Easyknit Enterprises will remain as a subsidiary of Easyknit International.

Pursuant to the Underwriting Agreement, in the event that the Underwriter is called upon to subscribe for or to procure subscribers for the Underwritten Shares, 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 Easyknit Enterprises, any of the EE Directors or chief executive or substantial shareholders of Easyknit Enterprises or their respective associates; and (2) the public float requirements under Rule 8.08 of the Listing Rules be fulfilled by Easyknit Enterprises upon completion of the Rights Issue.

Easyknit Enterprises has been informed by the Underwriter that the Underwriter will enter into sub-underwriting agreements with sub-underwriters to ensure the fulfilment of its obligations to underwrite all Rights Shares which are not subject to the Undertakings, being the 298,992,800 Rights Shares together with its obligation, set out above. The Underwriter

confirms that no subscribers will become a substantial Shareholder of Easyknit Enterprises immediately upon completion of the Rights Issue.

POSSIBLE ADJUSTMENTS TO THE CONVERTIBLE NOTE

As at the date of the announcement, the outstanding aggregate principal amount of the convertible note amounted to HK\$20,000,000 which are convertible to EE Shares during the five-year period commencing from 27 March 2014 at the prevailing conversion price in force at the time of conversion (if any). As a result of the proposed Rights Issue, adjustments may need to be made to the exercise price and other rights (if any) attached to the conversion rights pursuant to the subscription agreement dated 16 January 2014, if necessary. Easyknit Enterprises will make further announcement accordingly.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

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

Upon the completion of the acquisition of all properties of Nos. 18 and 20 Inverness Road, Kowloon Tong, Kowloon, Hong Kong for HK\$169,500,000 on 15 January 2015, the EE Group planned to commence the redevelopment the Inverness Road Project in May 2015.

The EE Directors estimated that the redevelopment cost of the Inverness Road Project is between HK\$500 million and HK\$550 million at current prices including but without limitation to the planning and design, demolition, foundation works, superstructure construction and interior works. The general building plan to redevelop the Inverness Road Project has been submitted to Buildings Department on 26 January 2015.

As at 31 December 2014, the EE Group has unaudited cash and cash equivalents of approximately HK\$271 million, of which RMB49 million, is equivalent to HK\$60 million, is tied up in the PRC as investment capital which it is not practical to be transferred back to Hong Kong. Of the balance of HK\$211 million, approximately HK\$205 million has been earmarked for the acquisition and redevelopment of the Matheson Street Project, leaving the balance funds is approximately HK\$6 million. In addition, as at 31 December 2014, the EE Group has a portfolio of securities investment with fair value of approximately HK\$100 million.

The EE Group expects to raise net proceeds of approximately HK\$326 million from the Rights Issue, after payment of expenses (equivalent to a net proceeds of HK\$0.644 per Rights Share).

Easyknit Enterprises intends to apply the net proceeds of the Rights Issue as to approximately HK\$260 million for redevelopment cost of the Inverness Road Project and the remaining balance of approximately HK\$66 million for general corporate purposes. The Rights Issue will increase equity capital base and strengthen the capital structure and balance sheet of Easyknit Enterprises.

Apart from the Rights Issue, Easyknit Enterprises has also considered alternative fund raising methods, such as debt financing and a private placing equity. In regard to debt financing, the EE Directors consider that this will incur interest costs that to affect the profitability of the EE Group as well as creating a liability on its balance sheet. In regard to the placing, the EE

Directors are of the view that it would cause a material dilution effect to the shareholding of the existing EE Shareholders as it would involve the issue of a substantial amount of new EE Shares and the existing EE Shareholders may lose the opportunity to participate in the placing. The EE Board considers that the Rights Issue will allow the EE Group to strengthen the balance sheet without incurring any interest cost and will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in Easyknit Enterprises. Hence, the EE Board considers that fund raising of this scale through the Rights Issue is in the best interests of Easyknit Enterprises and the EE Shareholders as a whole.

Having considered the above, the EE Directors (other than the members of the Independent Board Committee whose view will be set out in the EE Circular to be despatched to the EE Shareholders after receiving the advice of the independent financial adviser) are of the view that the proposed Rights Issue is fair and reasonable and in the interests of Easyknit Enterprises and the EE Shareholders as a whole.

FUND RAISING ACTIVITIES OF EASYKNIT ENTERPRISES FOR THE PAST 12 MONTHS

The following table sets out the fund raising activities of Easyknit Enterprises during the past 12 months immediately before the date of this announcement:

Date	Fund raising activity	Net proceeds	Proposed use of proceeds	Actual use of proceeds
16 January 2014	Issue of convertible note with an aggregated principal amount of HK\$100 million which may be converted into EE Shares	HK\$98.7 million	For the acquisition and redevelopment of the Matheson Street Project	To be applied as intended
6 June 2014	Placing of 65,200,000 new EE Shares under general mandate	HK\$22.5 million	For general working capital	Applied as intended
11 August 2014	Placing of 78,000,000 new EE Shares under general mandate	HK\$23.1 million	For general working capital	Applied as intended
5 September 2014	Rights Issue of 450,132,472 new EE Shares	HK\$312.0 million	For the acquisition of Inverness Road Property	Applied as intended

LISTING RULES IMPLICATIONS

Easyknit Enterprises

The number of Rights Shares to be issued pursuant to the Rights Issue represents twenty times Easyknit Enterprises' issued share capital after the Capital Reorganisation and approximately 95.2% of Easyknit Enterprises' adjusted and enlarged issued share capital immediately following the Capital Reorganisation coming into effect and the completion of the Rights Issue. As the Rights Issue will increase the issued share capital of Easyknit Enterprises by more than 50.0%, the Rights Issue is subject to approval from Independent EE Shareholders at the SGM of Easyknit Enterprises, pursuant to Rule 7.19(6)(a) of the Listing Rules.

In accordance with the Listing Rules, Goodco, Landmark Profits and their respective associates will abstain from voting on the resolution(s) to approve the the proposed Rights Issue and the transactions contemplated thereunder at the SGM of Easyknit Enterprises.

Easyknit International

The consideration for the subscription in full for the entitlement of Easyknit International under the proposed Rights Issue is approximately HK\$134.8 million and in aggregate with the subscription under the previous rights issue of Easyknit Enterprises as announced on 5 September 2014 exceeds 25.0% but is less than 100.0% of the applicable percentage ratio (as defined under the Listing Rules) and therefore the aggregate subscriptions constitute a major transaction for Easyknit International 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 EI Directors, having made all reasonable enquiries, no EI Shareholder has a material interest in the major transaction relating to the subscription of the Rights Shares under the proposed Rights Issue or should the aforesaid major transaction be put forward to the EI Shareholders for approval at a general meeting of Easyknit International be required to abstain from voting on the resolution(s) approving the transaction.

Pursuant to Rule 14.44 of the Listing Rules, written shareholders' approval of the subscription of Rights Shares pursuant to the Undertakings in full acceptance of provisional entitlement under the Rights Issue of Easyknit Enterprises 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 EI 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 EI Shares, representing approximately 36.74% of the issued shares of Easyknit International, is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by The Winterbotham Trust Company 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.

Independent Board Committee and independent financial adviser

The Independent Board Committee, comprising of Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Foo Tak Ching, being all the independent non-executive EE Directors, is established for the purpose of, among other things, advising the independent EE Shareholders in respect of the proposed Rights Issue and transactions contemplated thereunder. Messis Capital Limited has been appointed as the independent financial adviser to the Independent Board Committee and the Independent EE Shareholders to advise the Independent Board Committee and the Independent EE Shareholders on the proposed Rights Issue and transactions contemplated thereunder.

DESPATCH OF THE CIRCULARS

An EE Circular containing, inter alia: (i) further information of the proposed Capital Reorganisation, the proposed Rights Issue and transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee in respect of the proposed Rights Issue and transactions contemplated thereunder; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent EE Shareholders on the proposed Rights Issue and transactions contemplated thereunder; and (iv) a notice of the SGM, will be despatched to the EE Shareholders on or before Monday, 2 March 2015.

An EI Circular containing, inter alia, further information on the subscription of the Rights Shares will be despatched to the EI Shareholders on or before Monday, 2 March 2015.

DEFINITIONS

The following terms are used in this announcement with the meanings set opposite them unless the context requires otherwise:

“Acceptance Time” or “Latest Time for Acceptance of a payment for the Rights Issue”	4:00 p.m. on Tuesday, 14 April 2015 (or such other time or date as the Underwriter may agree in writing with Easyknit Enterprises as the latest date of acceptance of, and payment of, Rights Shares)
“Adjusted Share(s)”	ordinary share(s) of par value HK\$0.01 each in the share capital of Easyknit Enterprises upon the Capital Reorganisation becoming effective
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Authorised Capital Increase”	the proposed increase of authorised share capital of Easyknit Enterprises from HK\$10,000,000 divided into 1,000,000,000 Adjusted Shares to HK\$200,000,000 divided into 20,000,000,000 Adjusted Shares

“Business Day(s)”	a day (other than a Saturday and Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon) on which banks are open for business in Hong Kong
“BVI”	the British Virgin Islands
“Capital Reduction”	the proposed (i) reduction of the issued share capital of Easyknit Enterprises by the cancellation of the paid-up capital of Easyknit Enterprises to the extent of HK\$0.19 on each of the then issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.20 to HK\$0.01; (ii) reduction of the authorised share capital of Easyknit Enterprises by reducing the par value of all Consolidated Shares in the authorised share capital of Easyknit Enterprises from HK\$0.20 each to HK\$0.01 each resulting in the reduction of the authorised share capital of Easyknit Enterprises from HK\$200,000,000 divided into 1,000,000,000 Consolidated Shares to HK\$10,000,000 divided into 1,000,000,000 Adjusted Shares; and (iii) the credit amount arising from the reduction of the issued share capital of Easyknit Enterprises be transferred to the contributed surplus account of Easyknit Enterprises
“Capital Reorganisation”	the proposed capital reorganisation of Easyknit Enterprises involving the Share Consolidation, the Capital Reduction and the Authorised Capital Increase
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular(s)” or “EE Circular” or “EI Circular”	the respective circulars of Easyknit Enterprises and Easyknit International containing amongst other things, further information for the proposed Capital Reorganisation, the proposed Rights Issue and transactions contemplated thereunder
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of par value HK\$0.20 each in the share capital of Easyknit Enterprises immediately after the Share Consolidation becoming effective but before the Capital Reduction and the Authorised Capital Increase
“EAF(s)”	the excess application form(s) to be issued in connection with the Rights Issue

“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 Director(s)”	director(s) of Easyknit Enterprises
“EE Group”	Easyknit Enterprises and its subsidiaries
“EE Shareholder(s)”	holder(s) of EE Share(s)
“EE Shares” or “Existing Shares”	ordinary share(s) of par value HK\$0.01 each in the capital of Easyknit Enterprises before the Capital Reorganisation becoming effective, unless otherwise stated
“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 Stock Exchange
“EI Board”	the board of EI Directors
“EI Director(s)”	director(s) of Easyknit International
“EI Group”	Easyknit International and its subsidiaries
“EI Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of Easyknit International
“EI Shareholder(s)”	holder(s) of EI Share(s)
“Goodco”	Goodco Development Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of Easyknit International, being a substantial shareholder of Easyknit Enterprises
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	the independent board committee of the EE Board, comprising of Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Foo Tak Ching, being all the independent non-executive EE Directors, established for the purpose of, among other things, advising the Independent EE Shareholders in respect of the proposed Rights Issue and transactions contemplated thereunder
“Independent EE Shareholders”	the EE Shareholder(s), other than (i) Easyknit International, Landmark Profits and Goodco and their respective associates; (ii) those who are connected, interested or involved in the proposed Rights Issue; and (iii) those who are required to abstain from voting at the SGM of Easyknit Enterprises to be convened to approve the proposed Rights Issue and matters relating thereunder
“Inverness Road Project”	the residential project of Nos. 14, 16, 18 and 20 Inverness Road, Kowloon Tong, Kowloon, Hong Kong with a total registered site area of 17,637 square feet
“Inverness Road Property”	all the properties located at Nos. 18 & 20 Inverness Road, Kowloon Tong, Kowloon, Hong Kong
“Landmark Profits”	Landmark Profits Limited, a company incorporated in the BVI with limited liability, and a wholly-owned subsidiary of Easyknit International, being a substantial shareholder of Easyknit Enterprises
“Last Trading Day”	Monday, 2 February 2015, being the date of entering into the Underwriting Agreement
“Latest Time for Termination of the Underwriting Agreement”	4:00 p.m. on Friday, 17 April 2015, or such other time as may be agreed between Easyknit Enterprises and the Underwriter
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Matheson Street Project”	the redevelopment of the site comprising Nos. 11, 13 and 15 Matheson Street
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) (if any) in respect of whom the EE Directors, based on legal opinions to be provided by legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place

“Overseas Shareholder(s)”	shareholder(s) whose name(s) appear on the register of members of Easyknit Enterprises at the close of business on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong or Bermuda
“PAL(s)”	the provisional allotment letter(s) for the Rights Issue
“Posting Date”	Thursday, 26 March 2015 or such other day as may be agreed between Easyknit Enterprises and the Underwriter, being the date of despatch of the Prospectus Documents
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be issued by Easyknit Enterprises in relation to the Rights Issue
“Prospectus Documents	the Prospectus, the PAL(s) and the EAF(s)
“Qualifying Shareholder(s)”	EE Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear on the register of members of Easyknit Enterprises at the close of business on the Record Date
“Record Date”	Monday, 23 March 2015 or such other date as the Underwriter may agree in writing with Easyknit Enterprises as the date by reference to which entitlements to the Rights Issue are expected to be determined
“Rights Issue”	the proposed issue of the Rights Shares by way of rights to the Qualifying Shareholders for subscription on the terms to set out in the Prospectus Documents and summarised herein
“Rights Share(s)”	506,399,020 Adjusted Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of twenty Rights Shares for every one Adjusted Share held at the Record Date pursuant to the Rights Issue
“Settlement Date”	Friday, 17 April 2015, being the third Business Day following the Acceptance Time or such later date as Easyknit Enterprises and the Underwriter may agree
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

“SGM”	the special general meeting to be convened and held by Easyknit Enterprises to consider and approve, among other things, the proposed Capital Reorganisation and the proposed Rights Issue
“Share Consolidation”	the proposed consolidation of every twenty (20) issued and unissued Existing Shares into one (1) Consolidated Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.65 per Rights Share
“subsidiary”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs
“Undertakings”	the conditional irrevocable undertakings dated 2 February 2015 from Landmark Profits and Goodco to Easyknit Enterprises and the Underwriter as described in the section headed “Undertakings” in this announcement
“Underwriter”	Get Nice Securities Limited, a licensed corporation to carry out business in Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement, dated 2 February 2015, entered into between Easyknit Enterprises and the Underwriter in relation to the underwriting and certain arrangements in respect of the Rights Issue
“Underwritten Shares”	298,992,800 Rights Shares, being all the Rights Shares other than the Rights Shares to be provisionally allotted to and accepted by Landmark Profits and Goodco pursuant to the Undertakings under the Underwriting Agreement
“%”	percentage

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

By Order of the EI Board
Easyknit International Holdings Limited
Kwong Jimmy Cheung Tim
President and Chief Executive Officer

Hong Kong, 2 February 2015

As at the date hereof, the board of directors of Easyknit Enterprises comprises Mr. Kwong Jimmy Cheung Tim, Ms. Lui Yuk Chu and Ms. Koon Ho Yan Candy as executive directors; Mr. Tse Wing Chiu Ricky and Mr. Lai Law Kau as non-executive directors; and Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Foo Tak Ching as independent non-executive directors.

As at the date hereof, the board of directors of Easyknit International comprises Mr. Kwong Jimmy Cheung Tim, Ms. Lui Yuk Chu and Ms. Koon Ho Yan Candy as executive directors; Mr. Tse Wing Chiu Ricky and Mr. Lai Law Kau as non-executive directors; and Mr. Tsui Chun Kong, Mr. Jong Koon Sang and Mr. Hon Tam Chun as independent non-executive directors.