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JOINT ANNOUNCEMENT



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

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



Easyknit Enterprises Holdings Limited

永義實業集團有限公司*
(incorporated in Bermuda with limited liability)
(Stock code : 0616)

**(1) CHANGE IN BOARD LOT SIZE;
AND
(2) PROPOSED RIGHTS ISSUE
ON THE BASIS OF
THREE RIGHTS SHARES
FOR EVERY ONE SHARE HELD ON
RECORD DATE**

Financial Adviser to Easyknit Enterprises Holdings Limited



KINGSTON CORPORATE FINANCE LTD.

Underwriter of the Rights Issue



KINGSTON SECURITIES LTD.

** for identification only*

1. CHANGE IN BOARD LOT SIZE

The EE Board proposes to change the board lot size for trading in the Shares from 4,000 Shares to 20,000 Shares, which shall be effective at 9:00 a.m. on Tuesday, 30 April 2013. Details for the arrangement of trading of odd lots of the Shares arising from the change in board lot size of the Shares are set out in the section headed “1. CHANGE IN BOARD LOT SIZE” in this joint announcement.

2. PROPOSED RIGHTS ISSUE

EE proposes to raise approximately HK\$123.6 million (before expenses) by way of the rights issue of 1,235,824,500 Rights Shares at a subscription price of HK\$0.10 per Rights Share on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date. EE plans to use the net proceeds of approximately HK\$122.0 million from the Rights Issue for the acquisition of the Target Property, or should the acquisition fail to materialize, for acquisition of other properties at the time when EE has insufficient financial resources to fund such activities in a timely manner. The excess funds, if any, over the eventual consideration of the Target Property will be used as general working capital of the EE Group.

The Rights Issue is fully underwritten by the Underwriter. The Rights Issue is conditional upon, inter alia, the passing of a resolution at the EE SGM to approve the Rights Issue. Further details of the underwriting arrangements are set out in the paragraph headed “3. UNDERWRITING ARRANGEMENT FOR THE RIGHTS ISSUE”. If the conditions are not fulfilled (or waived, where applicable) or the Underwriting Agreement is terminated, the Rights Issue will not proceed.

Landmark Profits and Goodco have given the Undertakings in favour of EE and the Underwriter where, among other things, Landmark Profits and Goodco will subscribe for the 235,700,532 Rights Shares and 302,207,868 Rights Shares respectively to which they will be entitled pursuant to the terms of the Rights Issue.

The number of Rights Shares to be issued pursuant to the Rights Issue represents 3 times of the present issued share capital and 75% of the enlarged issued share capital immediately following the completion of the Rights Issue. As the Rights Issue will increase the issued share capital of EE by more than 50%, the Rights Issue is subject to approval from the EE Independent Shareholders at the EE SGM, pursuant to Rule 7.19(6)(a) of the Listing Rules. Landmark Profits and Goodco, which are the associates of EI (a controlling shareholder of EE), and other associates of EI will be required to abstain from voting in favour of the resolution relating to the Rights Issue at the EE SGM. The Underwriter, who holds 17 Shares as at the date of this joint announcement and is interested in the Underwriting Agreement, will be required to abstain from voting on the resolution to approve the Rights Issue at the EE SGM.

To qualify for the Rights Issue, a Qualifying Shareholder’s name must appear on the register of members of EE on the Record Date. In order for their owners to be registered as members on the Record Date, any transfers of the Shares (with the relevant share certificates) must be lodged for registration by 4:00 p.m. on Wednesday, 22 May 2013.

MAJOR TRANSACTION FOR EI – UNDERTAKINGS OF AND FULL ACCEPTANCE OF PROVISIONAL ENTITLEMENT UNDER THE RIGHTS ISSUE

As at the date of this joint announcement, EI, through Landmark Profits and Goodco, is interested in 179,302,800 Shares representing approximately 43.52% of the issued share capital of EE. Landmark Profits and Goodco have given the Undertakings in favour of EE

and the Underwriter where, among other things, (1) Landmark Profits and Goodco will subscribe for the 235,700,532 Rights Shares and 302,207,868 Rights Shares respectively to which they will be entitled pursuant to the terms of the Rights Issue; (2) the Shares comprising their current shareholding in EE will remain registered in their respective names at the Record Date as they are on the date of the Undertakings; and (3) they will procure that their applications in respect of the 235,700,532 Rights Shares and 302,207,868 Rights Shares, comprising their respective entitlement under the Rights Issue, will be lodged with the Registrar, with payment in full therefor, by no later than the Acceptance Time and otherwise in accordance with the instructions printed on the PAL(s). Landmark Profits and Goodco will not apply for any excess Rights Shares.

The aggregate consideration for the subscriptions in full for the entitlement of EI under the Rights Issue and the previous rights issues of EE as announced on 15 August 2012 and 11 October 2012 exceed 25% but is less than 100% of the applicable percentage ratios (as defined under the Listing Rules) and therefore the subscriptions under the Rights Issue constitute a major transaction for EI under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules. In this respect, pursuant to Rule 14.44 of the Listing Rules, in lieu of a resolution to be passed at a general meeting of EI, written approvals of the Undertakings have been obtained from Sea Rejoice Limited and Magical Profits Limited, the substantial shareholders of EI with an aggregate interest in 46,609,144 EI Shares, representing approximately 58.69% of the issued share capital of EI as at the date of this joint announcement.

A circular containing, among other things, further details of the Undertakings and the transactions contemplated thereunder will be despatched to the EI Shareholders on or before Tuesday, 30 April 2013.

GENERAL

The Rights Issue is subject to, among other things, the approval of the EE Independent Shareholders at the EE SGM.

The EE Independent Board Committee comprising the independent non-executive EE Directors will be established to make recommendations to the EE Independent Shareholders in respect of the Rights Issue. The members of the EE Independent Board Committee have no material interest in the Rights Issue. An independent financial adviser will be appointed to advise the EE Independent Board Committee and EE Independent Shareholders as to whether the terms and conditions of the Rights Issue are fair and reasonable and in the interests of EE and the EE Independent Shareholders as a whole.

The EE SGM will be convened and held for the EE Independent Shareholders to consider and, if thought fit, to approve, among other things, the Rights Issue. A circular containing, among other things, (i) further information on the Rights Issue; (ii) a letter of recommendation from the EE Independent Board Committee in respect of the Rights Issue; (iii) a letter of advice from the independent financial adviser to the EE Independent Board Committee and the EE Independent Shareholders on the Rights Issue; and (iv) a notice of the EE SGM will be despatched to the EE Independent Shareholders on or before Tuesday, 30 April 2013.

1. CHANGE IN BOARD LOT SIZE

The Shares are currently traded in board lots of 4,000 Shares each and the market value of each board lot is HK\$748 (based on the closing price of HK\$0.187 per Share as quoted on the Stock Exchange on the Last Trading Day). In order to increase the value of each board lot of the Shares so that the value of each board lot of the Shares will not be less than HK\$2,000, as well as to reduce transaction and registration costs incurred by the EE Shareholders and investors of EE, the EE Board proposes to change the board lot size for trading of the Shares from 4,000 Shares to 20,000 Shares with effect from Tuesday, 30 April 2013. Based on the closing price of HK\$0.187 per Share as quoted on the Stock Exchange on the Last Trading Day and the theoretical ex-rights price of approximately HK\$0.1218 per Share as adjusted for the effects of the Rights Issue with reference to the closing price of the Share on the Last Trading Day, the new estimated board lot value would be HK\$3,740 and HK\$2,436 respectively. The change in board lot size will not result in any change in the respective rights of the EE Shareholders. The EE Board is of the opinion that the change in board lot size is in the interests of EE and the EE Shareholders as a whole.

To alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, EE has appointed Kingston Securities Limited as an agent to provide matching services to the EE Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from Tuesday, 30 April 2013 to Wednesday, 22 May 2013 (both days inclusive). Holders of the Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their broker contact Ms. Rosita Kiu of Kingston Securities Limited at Suite 2801, 28/F., One International Finance Centre, 1 Harbour View Street, Central, Hong Kong (telephone: (852) 2298-6215 and facsimile: (852) 2295-0682) during such period.

Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The EE Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

All existing share certificates in board lot of 4,000 Shares will continue to be evidence of entitlement to the Shares and be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing EE Shareholders will be issued as a result of the change in board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size of 4,000 Shares to new share certificates in board lot size of 20,000 Shares is necessary. With effect from Tuesday, 30 April 2013, any new certificate of the Shares will be issued in new board lot size of 20,000 Shares (except for odd lots or where the EE Shareholder(s) otherwise instruct(s)). Save and except for the change in the number of Shares for each board lot, new certificates of Shares will have the same format and colour as the existing certificates of Shares.

2. PROPOSED RIGHTS ISSUE

Issue statistics

| | | |
|---------------------------|---|---|
| Basis of the Rights Issue | : | Three (3) Rights Shares for every one (1) Share held on the Record Date |
| Subscription Price | : | HK\$0.10 per Rights Share |

| | | |
|--|---|-----------------------------|
| Number of Shares in issue at the date of this joint announcement | : | 411,941,500 Shares |
| Number of Rights Shares | : | 1,235,824,500 Rights Shares |
| Aggregate nominal value of Rights Shares | : | HK\$12,358,245 |
| Fund raised before expenses | : | HK\$123,582,450 |
| Underwriter | : | Kingston Securities Limited |

The number of Rights Shares to be issued pursuant to the Rights Issue represents 3 times the issued share capital of EE and 75% of enlarged issued share capital of EE immediately following the completion of the Rights Issue.

As at the date of this joint announcement, EE does not have any options outstanding under any share option scheme of EE or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

Subscription Price

The Subscription Price is HK\$0.10 per Rights Share, payable in full upon acceptance under the PAL(s) and on application under the EAF(s).

The Subscription Price represents:

- (i) a discount of approximately 46.52% to the closing price of HK\$0.187 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 45.83% to the average closing price of approximately HK\$0.1846 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 17.90% to the theoretical ex-rights price of approximately HK\$0.1218 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.187 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiation between EE and the Underwriter with reference to the scale of the Rights Issue, the market price of the Shares and the prevailing market conditions. The EE Directors (excluding the independent non-executive EE Directors whose opinion will be set forth in the circular, after having been advised by an independent financial adviser) consider that the discount would encourage EE Independent Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in EE and participate in the future growth of the EE Group. In view of the prevailing market conditions of the capital market in Hong Kong and the benefits of the Rights Issue, the EE Directors (excluding the independent non-executive EE Directors whose opinion will be set forth in the circular, after having been advised by an independent financial adviser) consider that the terms of the Rights Issue as fair and reasonable and in the best interests of the EE Group and the EE Shareholders as a whole.

Basis of provisional allotment

The Rights Shares will be allotted on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date. Acceptances of all or any part of a Qualifying Shareholder's provisional allotment can be made only by completing the PAL and lodging the same with a remittance for the Rights Shares being accepted.

Status of the Rights Shares

The Rights Shares, when allotted, fully-paid or credited as fully-paid and issued, shall rank pari passu in all respects with the 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 Shares

On the basis of provisional allotment of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Qualifying Shareholders

To qualify for the Rights Issue, investors must be registered as members of EE and not be a Non-Qualifying Shareholder at the close of business on the Record Date. However, Overseas Shareholders whose names appear on the register of members of EE 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.

EE is in the process of considering the rights of the Overseas Shareholders 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.

EE 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 EE at the close of business on the Record Date, beneficial owners must lodge any transfers of Shares (together with the relevant share certificates) with branch share registrar of EE in Hong Kong, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on Wednesday, 22 May 2013.

EE will send the Prospectus Documents to the Qualifying Shareholders only.

Non-Qualifying Shareholders

EE 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. EE 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.

Closure of register of members

The register of members of EE will be closed from Thursday, 23 May 2013 to Friday, 24 May 2013 (both dates inclusive). No transfers of Shares will be registered during this period.

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 circular and Prospectus in relation to the Rights Issue.

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

Investors whose Shares are held by nominee(s) and would like to have their names registered on the register of members of EE, must lodge all necessary document with the branch share registrar of EE in Hong Kong for completion of the relevant registration by 4:00 p.m. on Wednesday, 22 May 2013.

The latest time for acceptance of Rights Shares will be 4:00 p.m. on Wednesday, 22 May 2013, or such later date or time as may be agreed between EE and the Underwriter.

Application for listing

EE will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Rights Shares, in both their nil-paid and fully-paid forms.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the 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 the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Subject to the change in board lot size for trading in the Shares from 4,000 Shares to 20,000 Shares becoming effective on Tuesday, 30 April 2013, dealings in the Rights Shares in both their nil-paid and fully-paid forms will be in new board lots of 20,000. Dealings in the Rights Shares registered in the branch register of members of EE in Hong Kong will be subject to the payment of stamp duty in Hong Kong.

Share certificates and refund cheques for Rights Issue

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 Monday, 24 June 2013 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 Monday, 24 June 2013 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) the passing of the relevant resolutions at the EE SGM to approve the Rights Issue;
- (ii) the registration by and filing with the Registrar of Companies in Hong Kong and Bermuda of the Prospectus Documents and Prospectus respectively;
- (iii) the posting of copies of the Prospectus Documents to the Qualifying Shareholders on the Posting Date;
- (iv) compliance with and performance by EE of certain undertakings and obligations under the terms of the Underwriting Agreement;
- (v) 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 by no later than the first day of their dealings;
- (vi) the Shares remaining listed on the Stock Exchange at all times prior to the Settlement Date and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 5 trading days;

- (vii) delivery by EE to the Underwriter of the Undertakings by Landmark Profits and Goodco to accept their respective entitlement under the Rights Issue and fulfillment of their respective obligations under the undertakings, subject to relevant regulatory approval under the Listing Rules or otherwise being obtained (if required); and
- (viii) if required, the Bermuda Monetary Authority granting its consent to the issue of Rights Shares.

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 conditions (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 (iv), (v), (vi) and (vii) above have not been satisfied/or waived (other than condition (v) above which cannot be waived in whole or part by the Underwriter) on or before 4:00 p.m. on the Settlement Date or such other time as specified therein (whichever is earlier), (or, in each case, such later date as the Underwriter and EE 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 EE) and the Undertakings will lapse and the Rights Issue will not proceed.

3. UNDERWRITING ARRANGEMENT FOR THE RIGHTS ISSUE

Pursuant to the Underwriting Agreement, the Underwriter has agreed to fully underwrite 697,916,100 Underwritten Shares (being all the 1,235,824,500 Rights Shares under the Rights Issue less the 537,908,400 Rights Shares which will be provisionally allotted to Landmark Profits and Goodco, and which Landmark Profits and Goodco have undertaken to accept pursuant to the Undertakings).

To the best of the knowledge, information and belief of the EE Directors, having made all reasonable enquiries, the Underwriter and its ultimate controlling shareholder are third parties independent of EE and connected persons of EE. As at the date of this joint announcement, the Underwriter is interested in 17 Shares.

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

- (i) the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in EE to exceed 19.9% of the voting rights of EE upon the completion of the Rights Issue; and
- (ii) the Underwriter shall use its best endeavours to ensure that (1) each of the subscribers of the Underwritten Shares procured by it shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with EE, any of the EE Directors or chief executive or substantial shareholders of EE or their respective associates; and (2) the public float requirements under Rule 8.08 of the Listing Rules be fulfilled by EE upon completion of the Rights Issue.

Commission

EE will pay the Underwriter an underwriting commission of 1.0% of the aggregate subscription price of the Rights Shares underwritten by it. EE Directors (excluding the independent non-executive EE Directors whose opinion will be set forth in the circular, after

having been advised by an independent financial adviser) consider that the underwriting commission accords with market rates.

Undertakings from Landmark Profits and Goodco

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

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

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 EE at any time prior to 4:00 p.m. on the Settlement Date if there occurs:

- (a) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
- (b) 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 of the Underwriting Agreement) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; or
- (c) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out;

and in the absolute opinion of the Underwriter, such change would have a material and adverse effect on the business, financial or trading position or prospects of EE Group as a whole or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue.

If, at or prior to 4:00 p.m. on the Settlement Date:

- (i) EE commits any material breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement which breach or omission will have a material and adverse effect on its business, financial or trading position; or
- (ii) the Underwriter receives notification pursuant to the Underwriting Agreement or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its absolute opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the EE Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or
- (iii) EE shall, after any matter or event referred to in the relevant clauses of the Underwriting Agreement has occurred or comes to the Underwriter's attention fail promptly to send out any announcements or circulars (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents), as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of EE, the Underwriter shall be entitled (but not bound) by notice in writing issued by the Underwriter to EE to elect to treat such matter or event as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement.

Upon the giving of notice of termination, all obligations of the Underwriter under the Underwriting Agreement shall cease and neither it nor EE 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 EE shall remain liable to pay to the Underwriter the fees and expenses (other than the underwriting commission) payable by EE pursuant to the Underwriting Agreement. If the Underwriter exercises such right, the Rights Issue will not proceed.

4. CHANGES IN THE SHAREHOLDING STRUCTURE OF EE ARISING FROM THE RIGHTS ISSUE

The changes in the shareholding structure of EE arising from the Rights Issue are as follows:

| Shareholders | As at the date of this joint announcement | | Immediately after completion of the Rights Issue (assuming all Rights Shares are subscribed by the Qualifying Shareholders) | | Immediately after completion of the Rights Issue (assuming only Landmark Profits and Goodco take up their entitled Rights Shares) (Note 1) | |
|------------------|---|--------|---|--------|--|--------|
| | Number of Shares | % | Number of Shares | % | Number of Shares | % |
| Landmark Profits | 78,566,844 | 19.07 | 314,267,376 | 19.07 | 314,267,376 | 19.07 |
| Goodco | 100,735,956 | 24.45 | 402,943,824 | 24.45 | 402,943,824 | 24.45 |
| Public | 232,638,683 | 56.48 | 930,554,732 | 56.48 | 232,638,683 | 14.12 |
| Underwriter | 17 | 0.00 | 68 | 0.00 | 697,916,168 | 42.36 |
| Total | 411,941,500 | 100.00 | 1,647,766,000 | 100.00 | 1,647,766,000 | 100.00 |

Notes:

1. **This scenario is for illustrative purpose only.**

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

- (i) the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in EE to exceed 19.9% of the voting rights of EE upon the completion of the Rights Issue; and
- (ii) the Underwriter shall use its best endeavours to ensure that (1) each of the subscribers of the Underwritten Shares procured by it shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with EE, any of the EE Directors or chief executive or substantial shareholders of EE or their respective associates; and (2) the public float requirements under Rule 8.08 of the Listing Rules be fulfilled by EE upon completion of the Rights Issue.

2. The percentages are subject to rounding error.

5. REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

Background of EE

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

Based on the interim report of EE for the period of six months ended 30 September 2012, the unaudited net asset value of the EE Group was HK\$624,915,000 as at 30 September 2012. The unaudited net asset value per share based on 411,941,500 Shares in issue of EE at the date of this joint announcement was approximately HK\$1.52. The closing price of EE was HK\$0.187 per Share as quoted on the Stock Exchange as at the date of this joint announcement.

According to the annual report of EE for the year ended 31 March 2012, net profit and loss before and after taxation of its group for the years ended 31 March 2011 and 2012 respectively are summarised below:

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

Use of proceeds from the Rights Issue

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

The Target Property

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

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

The EE Directors however noted that it is possible that an agreement may be reached before the courts grant an order for sale (negotiations with the owner of the Target Property have been conducted simultaneously with the aforesaid application). Pursuant to the hearing for direction at the Lands Tribunal on 21 February 2013, EE is now in the process of mediation with the owner of the Target Property. As at the date of this joint announcement, neither definitive agreements nor terms have been entered into with the owner of the Target Property.

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

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

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

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

6. FUND RAISING ACTIVITIES OF EE DURING THE PAST 12 MONTHS

Save as disclosed below, EE has not conducted any other equity fund raising exercise in the past 12 months immediately prior to the date of this joint announcement.

| Date of announcement | Fund raising activities | Net proceeds raised (<i>approximate</i>) | Intended use of net proceeds | Actual use of net proceeds (<i>approximate</i>) |
|-----------------------------|---|---|---|---|
| 30 May 2012 | Placing of new shares under a general mandate | HK\$13.6 million | General working capital of the Group | (i) payment of expenses of HK\$3.7 million; (ii) settlement of trade and bills payable of HK\$6.3 million; and (iii) investment in listed securities of HK\$3.6 million |
| 18 July 2012 | Placing of new shares under a general mandate | HK\$12.0 million | (i) Fitting and renovation of properties; and (ii) General working capital of the Group | (i) fitting and renovation of properties of HK\$0.3 million; and (ii) general working capital of the Group of HK\$11.7 million |
| 15 August 2012 | Rights issue | HK\$28.4 million | (i) HK\$14.2 million for general working capital; and (ii) HK\$14.2 million for the acquisition of Target Property | (i) general working capital of HK\$14.2 million (ii) the remaining to be applied as intended |
| 11 October 2012 | Rights issue | HK\$113.03 million | For the acquisition of Target Property | To be applied as intended |
| 18 January 2013 | Placing of new shares under a general mandate | HK\$29.8 million | For the acquisition of Target Property | To be applied as intended |

7. EXPECTED TIMETABLE

| Event | 2013 (Hong Kong time) |
|--|---------------------------------------|
| Expected despatch date of the circular in relation to the Rights Issue with notice of EE SGM | Tuesday, 30 April |
| Effective date of change in board lot size for trading in the Shares | Tuesday, 30 April |
| Designated broker starts to stand in the market to provide matching services for odd lots of Shares | Tuesday, 30 April |
| Latest time for lodging proxy form for EE SGM | 9:30 a.m. on Tuesday, 14 May |
| Expected date and time of the EE SGM | 9:30 a.m. on Thursday, 16 May |
| Announcement on results of EE SGM | Thursday, 16 May |
| Last day of dealings in Shares on a cum-rights basis | Monday, 20 May |
| First day of dealings in Shares on an ex-rights basis | Tuesday, 21 May |
| Latest time for EE Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue | 4:00 p.m. on Wednesday, 22 May |
| Designated broker ceases to stand in the market to provide matching service for odd lots of Shares | Wednesday, 22 May |
| Closure of register of members of EE (both dates inclusive) | Thursday, 23 May to Friday, 24 May |
| Record date and time for the Rights Issue | 4:00 p.m. on Friday, 24 May |
| Register of members of EE re-opens | Monday, 27 May |
| Despatch of Prospectus Documents | Wednesday, 29 May |
| First day of dealings in nil-paid Rights Shares | Friday, 31 May |
| Latest time for splitting nil-paid Rights Shares | 4:00 p.m. on Tuesday, 4 June |
| Last day of dealing in nil-paid Rights Shares | Friday, 7 June |
| Latest time for acceptance of, and payment for, the Rights Shares and the application for excess Rights Shares | 4:00 p.m. on Thursday, 13 June |

Latest time to terminate the Underwriting Agreement
and for the Rights Issue to become unconditional

4:00 p.m. on
Wednesday, 19 June

Announcement of results of the Rights Issue

Friday, 21 June

Refund cheques to be despatched in relation to wholly
or partially unsuccessful applications for excess
Rights Shares on or before

Monday, 24 June

Certificates for fully paid Rights Shares to be
despatched on or before

Monday, 24 June

Commencement of dealings in fully-paid Rights Shares

9:00 a.m. on
Tuesday, 25 June

Dates or deadlines specified in this joint announcement are indicative only and may be varied by agreement between EE and the Underwriter. Any consequential changes to the expected timetable will be published or notified to EE Independent Shareholders as and when appropriate.

8. WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND RIGHTS SHARES

The Shares will be dealt in on an ex-rights basis from Tuesday, 21 May 2013. Dealings in the Rights Shares in the nil-paid form will take place from Friday, 31 May 2013 to Friday, 7 June 2013 (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 contemplating selling or purchasing Shares and/or Rights Shares in their nil-paid form who are in any doubt about their position are recommended to consult their professional advisers. Any EE Shareholders or other persons dealing in Shares up to the date on which all the conditions to which the Rights Issue is subject 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 Friday, 31 May 2013 to Friday, 7 June 2013 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

9. MAJOR TRANSACTION FOR EASYKNIT INTERNATIONAL

Principal business of Easyknit International

EI is principally engaged in the businesses of property investment and development, investment in securities and loan financing.

The Undertakings

As at the date of this joint announcement, EI, through Landmark Profits and Goodco, is interested in 179,302,800 Shares representing approximately 43.52% of the issued share

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

EI will pay a total amount of approximately HK\$53.8 million to subscribe in full its entitlement under the Rights Issue pursuant to the Undertakings. The consideration will be fully satisfied in cash and will be financed by the internal resources of EI.

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

Reasons for the Undertakings

The EI Directors consider the Undertakings are fair and reasonable and believe that the subscription of the Rights Shares pursuant to the Undertakings is in the interests of EI and the EI Shareholders as a whole. The reasons are below:

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

By subscribing the Rights Shares, EI (through Landmark Profits and Goodco) will be able to maintain the pro-rata shareholding in EE immediately upon the completion of the Rights Issue as illustrated in the section “Changes in the shareholding structure of EE arising from the Rights Issue” of this joint announcement. In addition, the interests of the EI Shareholders will not be diluted as a result of the Rights Issue and EE shall remain as a subsidiary of EI immediately after the completion of the Rights Issue.

(2) EE’ future development in the property market

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

Listing Rules implications

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

Pursuant to Rule 14.44 of the Listing Rules, in lieu of a resolution to be passed at a general meeting of Easyknit International, written approvals have been obtained from Sea Rejoice Limited and Magical Profits Limited, being the substantial shareholders of EI with an aggregate interest in 46,609,144 shares, representing approximately 58.69% of the issued share capital of EI as at the date of this joint announcement.

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

GENERAL

As the Rights Issue will increase the issued share capital of EE by more than 50%, pursuant to Rule 7.19(6)(a) of the Listing Rules, the Rights Issue will be subject to approval by the EE Independent Shareholders at the EE SGM on which any controlling shareholders and their associates or, where there are no controlling shareholders, the EE Directors (excluding independent non-executive EE Directors) and the chief executive of EE and their respective associates shall abstain from voting in favour of Rights Issue.

As at the date of this joint announcement, EI, through Landmark Profits and Goodco, is interested in 179,302,800 Shares, representing approximately 43.52% of the total issued share capital of EE, and is therefore a controlling shareholder of EE. Accordingly, Landmark Profits and Goodco, which are the associates of EI, and other associates of EI will be required to abstain from voting in favour of the resolution relating to the Rights Issue at the EE SGM. The Underwriter, who holds 17 Shares as at the date of this joint announcement and is interested in the Underwriting Agreement, will be required to abstain from voting on the resolution to approve the Rights Issue at the EE SGM.

The EE Independent Board Committee comprising the independent non-executive EE Directors will be established to make recommendations to the EE Independent Shareholders in respect of the Rights Issue. The members of the EE Independent Board Committee have no material interest in the Rights Issue. An independent financial adviser will be appointed to advise the EE Independent Board Committee and EE Independent Shareholders as to whether the terms and conditions of the Rights Issue are fair and reasonable and in the interests of EE and the EE Independent Shareholders as a whole.

The EE SGM will be convened and held for the EE Independent Shareholders to consider and, if thought fit, to approve, among other things, the Rights Issue. A circular containing, among other things, (i) further information on the Rights Issue; (ii) a letter of recommendation from the EE Independent Board Committee in respect of the Rights Issue; (iii) a letter of advice from the independent financial adviser to the EE Independent Board Committee and the EE Independent Shareholders on the Rights Issue; and (iv) a notice of the EE SGM will be despatched to the EE Shareholders on or before Tuesday, 30 April 2013.

Upon the approval of the Rights Issue by the EE Independent Shareholders at the EE SGM, on Posting Date the Prospectus Documents setting out the details of the Rights Issue will be despatched to the Qualifying Shareholders and the Prospectus will be despatched to the Non-Qualifying Shareholders for information only.

A circular containing, among other things, further details of the subscription of the Rights Shares under the Rights Issue pursuant to the Undertakings will be despatched to the EI Shareholders on or before Tuesday, 30 April 2013.

DEFINITIONS

In this joint announcement, unless the context otherwise required, the following words and phrases have the following meanings:

| | |
|----------------------------------|---|
| “Acceptance Time” | 4:00 p.m. on Thursday, 13 June 2013 (or such other time or date as the Underwriter may agree in writing with EE as the latest date for acceptance of, and payment of, Rights Shares) |
| “associates” | has the meaning ascribed thereto under the Listing Rules |
| “Business Day” | a day (other than a Saturday, Sunday or public holiday or a day on which typhoon signal 8 or above or black rainstorm is hoisted in Hong Kong at 9:00 a.m.) on which banks are generally open for business in Hong Kong |
| “Bye-laws” | the bye-laws of EE from time to time |
| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC |
| “Companies Act” | The Companies Act 1981 of Bermuda |
| “connected persons” | has the meanings ascribed thereto in the Listing Rules |
| “controlling shareholder(s)” | has the meaning ascribed thereto under the Listing Rules |
| “EE” | Easyknit Enterprises Holdings Limited, an exempt company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange |
| “EE Directors” | the directors of EE |
| “EE Board” | the board of directors of EE |
| “EE Group” | EE and its subsidiaries |
| “EE Independent Board Committee” | an independent committee of the EE Board comprising all of the three independent non-executive EE Directors formed for the purpose of advising the Independent Shareholder(s) on the Rights Issue |
| “EE Independent Shareholders” | the EE Shareholders, other than Landmark Profits and Goodco, who are not involved in, nor interested in, the Underwriting Agreement |

| | |
|---------------------------------|--|
| “EE Shareholders” | holder(s) of share(s) of EE |
| “EE SGM” | the special general meeting of EE to be convened and held to consider and approve, among other things, the proposed the Rights Issue |
| “EI” | Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange |
| “EI Board” | the board of directors of Easyknit International |
| “EI Directors” | the directors of Easyknit International |
| “EI Share(s)” | ordinary share(s) of HK\$0.10 each in the share capital of EI |
| “EI Shareholder(s)” | holder(s) of share(s) of Easyknit International |
| “EAF(s)” | the excess application form(s) to be issued in connection with the Rights Issue |
| “Goodco” | Goodco Development Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Easyknit International, being a substantial Shareholder (as defined in the Listing Rules) of EE |
| “HKSCC” | the Hong Kong Securities Clearing Company Limited |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Landmark Profits” | Landmark Profits Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Easyknit International, being a substantial Shareholder (as defined in the Listing Rules) of EE |
| “Last Trading Day” | Friday, 5 April 2013, being the date of entering into the Underwriting Agreement |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Non-Qualifying Shareholder(s)” | Overseas Shareholder(s) in respect of whom the EE Directors, based on legal opinions provided by legal advisers, consider it necessary or expedient not to offer the Rights Issue 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 |

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|------------------------------|--|
| “Overseas Shareholder(s)” | shareholder(s) whose name(s) appear on the register of members of EE 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 |
| “Posting Date” | Wednesday, 29 May 2013, or such other day as may be agreed between EE and the Underwriter, being the date of despatch of the Prospectus Documents |
| “PAL(s)” | the provisional allotment letter(s) to be issued in connection with the Rights Issue |
| “Prospectus” | the prospectus to be issued by EE in relation to the Rights Issue |
| “Prospectus Documents” | the Prospectus, PAL and EAF |
| “Qualifying Shareholder(s)” | EE Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear on the register of members of EE at the close of business on the Record Date |
| “Record Date” | Friday, 24 May 2013 or such other date as the Underwriter may agree in writing with EE as the date by reference to which entitlements to the Rights Issue are expected to be determined |
| “Registrar” | Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong |
| “Rights Issue” | the proposed issue of the Rights Shares by way of rights to the Qualifying Shareholders for subscription on the terms to be set out in the Prospectus Documents and summarized herein |
| “Rights Share(s)” | 1,235,824,500 Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of three (3) Rights Shares for every one (1) Share held at the Record Date pursuant to Rights Issue |
| “Settlement Date” | Wednesday, 19 June 2013, being the fourth Business Day following the Acceptance Time or such later date as EE and the Underwriter may agree |
| “SFO” | The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of EE |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Price” | HK\$0.10 per Rights Share |
| “substantial shareholder(s)” | has the meaning ascribed thereto under the Listing Rules |

| | |
|--------------------------|---|
| “Takeovers Code” | the Hong Kong Codes on Takeovers and Mergers |
| “Target Property” | Ground Floor of No. 15 Matheson Street, Causeway, Hong Kong with a saleable area of approximately 700 sq.ft.; and is now occupied as a retail shop |
| “Undertakings” | the conditional irrevocable undertakings dated 5 April 2013 from Landmark Profits and Goodco to EE and the Underwriter as described in the section headed “Undertakings from Landmark and Goodco” in this joint announcement |
| “Underwriter” | Kingston Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO |
| “Underwriting Agreement” | the underwriting agreement dated 5 April 2013 entered into between EE and the Underwriter in relation to the underwriting and certain other arrangements in respect of the Rights Issue |
| “Underwritten Shares” | 697,916,100 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 EI Board
**EASYKNIT INTERNATIONAL
HOLDINGS LIMITED**
Kwong Jimmy Cheung Tim
President and Chief Executive Officer

By Order of the EE Board
**EASYKNIT ENTERPRISES
HOLDINGS LIMITED**
Kwong Jimmy Cheung Tim
Chairman and Chief Executive Officer

Hong Kong, 5 April 2013

As at the date hereof, the EI Board comprises Mr. Kwong Jimmy Cheung Tim, Ms. Lui Yuk Chu and Ms. Koon Ho Yan Candy as executive directors, Mr. Tse Wing Chiu Ricky as non-executive director and Mr. Tsui Chun Kong, Mr. Jong Koon Sang and Mr. Hon Tam Chun as independent non-executive directors.

As at the date hereof, the EE Board comprises Mr. Kwong Jimmy Cheung Tim, Ms. Lui Yuk Chu and Ms. Koon Ho Yan Candy as executive directors, Mr. Tse Wing Chiu Ricky as non-executive director and Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Foo Tak Ching as independent non-executive directors.