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Easyknit Enterprises Holdings Limited

永義實業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code : 0616)



Easyknit International Holdings Limited

永義國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code : 1218)

**COMPLETION OF PLACING OF NEW EASYKNIT ENTERPRISES SHARES
UNDER GENERAL MANDATE
AND
ADJUSTMENT TO CONVERSION PRICE OF THE CONVERTIBLE NOTE**

Placing Agent



結好證券有限公司

GET NICE SECURITIES LIMITED

The EE Directors wish to announce that all conditions of the Placing had been fulfilled and the completion of the Placing had taken place on 22 August 2014. Pursuant to the terms and conditions of the Placing Agreement, 78,000,000 Placing Shares have been successfully placed by the Placing Agent to not less than six Placees at the Placing Price of HK\$0.30 per Placing Share.

Reference is made to the announcement jointly issued by Easyknit International and Easyknit Enterprises on 11 August 2014 in relation to the Placing (the “**Announcement**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless the context otherwise requires.

COMPLETION OF THE PLACING OF NEW EE SHARES

The board of Easyknit Enterprises wishes to announce that all conditions of the Placing had been fulfilled and the completion of the Placing had taken place on 22 August 2014. Pursuant to the terms and conditions of the Placing Agreement, 78,000,000 Placing Shares have been successfully placed by the Placing Agent to not less than six Placees at the Placing Price of HK\$0.30 per Placing Share. To the best of the knowledge, information and belief of the EI Directors and the EE Directors, having made all reasonable enquires, the Placees and their respective ultimate beneficial owners are independent professional, institution or individual investors. They are not parties acting in concert with the controlling shareholders (as defined under the Codes on Takeovers and Mergers and Share Repurchases) of Easyknit Enterprises and are not connected with any directors, chief executive or substantial shareholders of Easyknit Enterprises or its subsidiaries and its associates. Upon completion of the Placing, none of the Placees and their respective associates has become a substantial shareholder of Easyknit Enterprises.

** for identification only*

The net proceeds from the Placing, after deducting the placing commission and other related expenses payable by Easyknit Enterprises, of approximately HK\$23,100,000 are intended to be used for the general working capital of EE Group.

SHAREHOLDING STRUCTURE OF EASYKNIT ENTERPRISES

The 78,000,000 Placing Shares represent (i) approximately 19.94% of the issued share capital of Easyknit Enterprises immediately before completion of the Placing; and (ii) approximately 16.62% of the enlarged issued share capital of Easyknit Enterprises immediately after completion of the Placing.

Set out below is the shareholding structure of Easyknit Enterprises (i) immediately before completion of the Placing; (ii) immediately upon completion of the Placing (assuming no other EE Shares are issued and/or repurchased); and (iii) immediately upon completion of the Placing (assuming that the conversion rights attaching to the convertible note are exercised in full):

	Immediately before completion of the Placing		Immediately after completion of the Placing (assuming no other EE Shares are issued and/or repurchased) (Note 2)		Immediately after completion of the Placing (assuming that the conversion rights attaching to the convertible note are exercised in full) (Note 3)	
	Number of EE Shares	% (Note 4)	Number of EE Shares	% (Note 4)	Number of EE Shares	% (Note 4)
Easyknit International and parties acting in concert with it (Note 1)						
- ordinary shares	136,993,438	35.02	136,993,438	29.20	136,993,438	23.07
- EE Underlying Shares	-	-	-	-	124,610,591	20.98
Sub-total	136,993,438	35.02	136,993,438	29.20	261,604,029	44.05
Public						
Placees (Note 2)	0	0	78,000,000	16.62	78,000,000	13.14
Other public shareholders	254,214,226	64.98	254,214,226	54.18	254,214,226	42.81
Total	391,207,664	100.00	469,207,664	100.00	593,818,255	100.00

Notes:

- In the 136,993,438 EE Shares, 47,140,104 EE Shares and 89,853,334 EE Shares are registered in the name of and beneficially owned by Landmark Profits Limited and Goodco Development Limited respectively, both being wholly-owned subsidiaries of Easyknit International. Sea Rejoice Limited is interested in approximately 21.95% of the issued share capital of Easyknit International and is wholly-owned by Ms. Lui Yuk Chu. Magical Profits Limited is interested in approximately 36.74% of the issued share capital of Easyknit International and is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by The Winterbotham Trust Company Limited as the new trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu, a director of Easyknit International and Easyknit Enterprises, and her family members other than her spouse) with effect from 3 June 2014. Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and a director of Easyknit International and Easyknit Enterprises, is deemed to be interested in the EE Shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.

2. To the best of the knowledge of EI Directors and EE Directors, the Placees and their ultimate beneficial owners are third parties independent of and not connected with Easyknit Enterprises and its respective connected persons. None of the Placees and their respective associates has become a substantial shareholder of Easyknit Enterprises. Therefore, the Placees are treated as public EE Shareholders.
3. As at the date of this announcement, Easyknit International held an outstanding convertible note in the principal amount of HK\$80,000,000 which are convertible into EE Shares during the 5-year period commencing from 27 March 2014 at the conversion price of HK\$0.642 per EE Share (as adjusted as a result of the completion of the Placing) (please refer to the paragraph headed “Adjustment to the conversion price of the convertible note” below). Details of the convertible note are set out in circular of Easyknit International dated 20 February 2014. The above table is set out for illustration only.
4. The percentages are subject to rounding difference, if any.

ADJUSTMENT TO CONVERSION PRICE OF THE CONVERTIBLE NOTE

As at the date of this announcement, the outstanding aggregate principal amount of the convertible note amounted to HK\$80,000,000 which are convertible to EE Shares during the 5-year period commencing from 27 March 2014 at the prevailing conversion price (“**Conversion Price**”) in force at the time of conversion (if any). As a result of the completion of the Placing, the Conversion Price will be adjusted from HK\$0.66 per EE Share to HK\$0.642 per EE Share (subject to further adjustment, if any), and the convertible note will be convertible into 124,610,591 EE Shares upon the exercise in full of the conversion rights attached thereto at the adjusted Conversion Price of HK\$0.642 per EE Share. Deloitte Touche Tohmatsu, the auditor of Easyknit Enterprises, has issued a report of factual findings addressed to the board of Easyknit Enterprises on agreed-upon procedures performed on the computation in respect of the adjustment to the Conversion Price, stating that the aforesaid computation is mathematically accurate and in compliance with the subscription agreement dated 16 January 2014. The adjustment to the Conversion Price should become effective on the date of allotment and issue of the Placing Shares, ie. 22 August 2014.

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

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

Hong Kong, 22 August 2014

As at the date hereof, the board of directors of Easyknit Enterprises 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.