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Easyknit International Holdings Limited

永義國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code : 1218)



Easyknit Enterprises Holdings Limited

永義實業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code : 0616)

MAJOR TRANSACTION

**DEEMED DISPOSAL OF INTERESTS
IN EASYKNIT ENTERPRISES**

ISSUE OF CONVERTIBLE NOTE

**UNDER
GENERAL MANDATE**

ISSUE OF CONVERTIBLE NOTE

On 29 May 2015, Easyknit Enterprises and the Subscriber entered into the Subscription Agreement in respect of the issue of and subscription for the Convertible Note in an aggregate principal amount of HK\$86,000,000.

Assuming full conversion of the Convertible Note at the initial Conversion Price of HK\$0.85 per EE Share, a total of 101,176,470 new EE Shares will be allotted and issued, representing (i) approximately 19.03% of the issued share capital of Easyknit Enterprises as at the date of this announcement; and (ii) approximately 15.99% of the issued share capital of Easyknit Enterprises as enlarged by the allotment and issue of the Conversion Shares.

Easyknit Enterprises intends to apply the net proceeds from the Subscription for general working capital of the EE Group.

The Conversion Shares will be allotted and issued under the General Mandate and no additional EE Shareholder's approval is required for the allotment and issue of the Conversion Shares.

EFFECT OF THE ISSUE OF CONVERTIBLE NOTE ON EASYKNIT INTERNATIONAL

As at the date of this announcement, Easyknit International has 40.96% shareholding in Easyknit Enterprises which is a subsidiary of Easyknit International.

Upon the full exercise of the conversion rights attached to the Convertible Note, there will have the effect of diluting all existing EE Shareholders' percentage shareholdings in Easyknit Enterprises. So far as Easyknit International is concerned, its percentage share of the issued share capital of Easyknit Enterprises will be diluted approximately from 40.96% to approximately 34.41%. Pursuant to Rule 14.31 of the Listing Rules, the Deemed Disposal constitutes a major transaction to Easyknit International, Easyknit Enterprises will no longer be a subsidiary of Easyknit International and its financial position and results will not be consolidated into those of Easyknit International. Easyknit Enterprises will be accounted for an associate of Easyknit International.

** for identification purposes only*

As completion of the Subscription is subject to the satisfaction of a number of conditions precedent and the termination rights of the Subscriber, the Subscription may or may not proceed. EE Shareholders, EI Shareholders and potential investors are advised to exercise caution when dealing in the EE Shares and EI Shares.

On 29 May 2015, Easyknit Enterprises and the Subscriber entered into the Subscription Agreement in respect of the issue of and subscription for the Convertible Note in an aggregate principal amount of HK\$86,000,000. Details of the Subscription Agreement and the principal terms of the Convertible Note are set out below.

THE SUBSCRIPTION AGREEMENT

Date

29 May 2015

Parties

- (a) Easyknit Enterprises as issuer;
- (b) Madian Star Limited, as subscriber.

The Subscriber is an investment holding company established in the British Virgin Islands with limited liability, and as at the date of this announcement, the Subscriber held 17,010,000 EE Shares, representing approximately 3.20% of the total issued shares of Easyknit Enterprises. To the best of the EE Directors' knowledge, information and belief and having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are third party independent of the EE Group and its connected persons.

Subject matter

Pursuant to the Subscription Agreement, Easyknit Enterprises has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Note.

Conditions Precedent

The Completion is subject to the satisfaction of the following conditions, among others,

- (a) there shall have been delivered to the Subscriber copies of the necessary resolution(s) passed by the board of directors of Easyknit Enterprises approving the Subscription Agreement, the transactions contemplated hereunder, including the creation and the issue of the Convertible Note, and the issuance of the EE Shares upon conversion of the Convertible Note, each in accordance with the bye-laws of Easyknit Enterprises and the requirements of the Listing Rules;
- (b) the granting of the approval by the Stock Exchange the listing of, and the permission to deal in, the Conversion Shares and such approval not having been revoked;
- (c) (if required) the Bermuda Monetary Authority granting its consent to the issue of the Convertible Note and the issue and allotment and transferability of the Conversion Shares;
- (d) the warranties of Easyknit Enterprises remaining true and accurate in all material respects and not misleading in any material respect as of the date of the Completion by reference to the facts and circumstances subsisting as at the date of the Completion; and

(e) at the date of the Completion there shall not have occurred any change, or any development or event reasonably likely to involve a prospective change, in the financial condition, operations, business or properties of Easyknit Enterprises and its subsidiaries as a whole (including as revealed in the audited consolidated financial statements of the EE Group for the year ended 31 March 2014), which is reasonably expected to be material and adverse.

Easyknit Enterprises undertakes to the Subscriber to use its best endeavours to procure that the conditions precedent above are fulfilled by not later than 12 June 2015 (or such other date as Easyknit Enterprises and the Subscriber may agree in writing) (the “Long Stop Date”), except that the conditions precedent (d) and (e) shall be fulfilled simultaneously upon Completion. The Subscriber may at any time waive in writing the conditions precedent (d) and (e).

If the above conditions precedent have not been fulfilled (or waived by the Subscriber in whole or in part) on or before 12 June 2015 (or such other date as may be agreed between Easyknit Enterprises and the Subscriber in writing), except that the conditions precedent (d) and (e) shall be fulfilled simultaneously upon Completion, this Subscription Agreement will lapse and become null and void and the parties will be released from all obligations hereunder, save for liabilities for any antecedent breaches thereof.

Completion

The Completion shall take place on or before the second Business Day after the date on which all the conditions precedent have been fulfilled (or, where applicable, waived) or such other date as may be agreed by Easyknit Enterprises and the Subscriber.

PRINCIPAL TERMS OF THE CONVERTIBLE NOTE

The principal terms of the Convertible Note are summarized below:

Principal amount:	HK\$86,000,000
Denomination:	HK\$1,000,000 each
Issue price:	100% of the principal amount
Interest:	2% per annum payable on the maturity date
Maturity Date:	the date falling on the second anniversary of the Issue Date
Conversion Price:	The initial Conversion Price is HK\$0.85 per Conversion Share, which is subject to adjustment provisions as summarized in the sub-paragraph headed “Conversion Price adjustments” below.
Conversion Price adjustments:	The Conversion Price will from time to time be adjusted upon the occurrence of certain events, including the following: <ul style="list-style-type: none">(i) consolidation, sub-division or re-classification of the EE Shares;(ii) capitalisation of profits or reserves;

- (iii) capital distribution to holders of EE Shares;
- (iv) offer to EE Shareholders new EE Shares for subscription by way of rights, or grant to EE Shareholders any options, warrants or other rights to subscribe for any new EE Shares at a price which is less than 80% of the market price as at the date of the announcement of the terms of the offer or grant;
- (v) issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new EE Shares, and the total effective consideration per EE Share initially receivable for such securities is less than 80% of the market price as at the date of the announcement of the terms of issue of such securities;
- (vi) when the rights of conversion or exchange or subscription attached to any such securities as are mentioned in (v) above are modified so that the total effective consideration per EE Share initially receivable for such securities will be less than 80% of the market price as at the date of the announcement of such proposal;
- (vii) when Easyknit Enterprises issue wholly for cash any EE Shares at a price per EE Share which is less than 80% of the market price as at the date of the announcement of the terms of such issue; and
- (viii) when Easyknit Enterprises issue EE Shares for the acquisition of assets at a total effective consideration per EE Share which is less than 80% of the market price at the date of the announcement of the terms of such issue.

Conversion Shares: Assuming full conversion of the Convertible Note at the initial Conversion Price, a total of 101,176,470 new EE Shares will be allotted and issued, representing (i) approximately 19.03% of the issued share capital of Easyknit Enterprises as at the date of this announcement; and (ii) approximately 15.99% of the issued share capital of Easyknit Enterprises as enlarged by the allotment and issue of the Conversion Shares.

Conversion Rights: The Noteholder will have the right, on any Business Day during the Conversion Period, to convert the whole or part of such principal amount of the Convertible Note set out therein into the Conversion Shares at the Conversion Price (subject to adjustments).

No exercise of the Conversion Rights attaching to the Convertible Note shall be allowed if (i) immediately following the conversion, Easyknit Enterprises will be unable to meet the public float requirement under Rule 8.08 of the Listing Rules; or (ii) such conversion is prohibited under the Takeovers Code.

Redemption at Maturity: Unless previously redeemed, converted or purchased and cancelled, the Convertible Note are to be redeemed on maturity at 100% of the outstanding principal amount together with accrued and unpaid interest thereon on the maturity date.

Early Redemption: At the option of Easyknit Enterprises, the Convertible Note may be redeemed in amounts of HK\$1,000,000 or integral multiples thereof on any Business Day prior to the maturity date at 100% of the principal amount outstanding under the Convertible Note together with all interest accrued thereon up to and including the date of redemption.

At the option of the Subscriber, the Convertible Note may be redeemed in amounts of HK\$1,000,000 or integral multiples thereof at any time three months after the date of issue of the Convertible Note at 100% of the principal amount outstanding under the Convertible Note together with all interest accrued thereon up to and including the date of redemption.

Ranking of Conversion Shares: The Conversion Shares shall rank pari passu in all respects with all other EE Shares in issue as at the date of conversion and be entitled to all dividends, bonus and other distributions, the record date of which falls on a date on or after the date of conversion.

Transferability: The Convertible Note may, upon obtaining the written approval of Easyknit Enterprises, be assigned and transferred (whether in whole or in part(s)) provided that no assignment or transfer shall be made to a connected person (within the meaning ascribed thereto in the Listing Rules) of Easyknit Enterprises without the prior approval of Easyknit Enterprises and provided further that the principal amount to be assigned or transferred is at least HK\$1,000,000 and in integral multiples of HK\$1,000,000 unless the amount of the outstanding Convertible Note is less than HK\$1,000,000 in which case the whole (but not part only) of that amount may be assigned and transferred.

Status: The obligations of Easyknit Enterprises arising under the Convertible Note constitute direct, unconditional, unsecured and unsubordinated obligations of Easyknit Enterprises and rank pari passu and rateably without preference (with the exception of obligations in respect of taxes and certain other statutory exceptions) equally with all other present and future unsecured and unsubordinated obligations of Easyknit Enterprises.

No application will be made for a listing of the Convertible Note on the Stock Exchange or any stock or securities exchange.

Voting: The Noteholder will not be entitled to attend or vote at any meetings of Easyknit Enterprises by reason only of it being the Noteholder.

THE CONVERSION PRICE AND EXERCISE PRICE

The Conversion Price of HK\$0.85 per Conversion Share represents:

- (i) a premium of approximately 7.59% to the closing price of HK\$0.79 per EE Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (ii) a premium of approximately 5.99% to the average of the closing prices of HK\$0.802 per EE Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Subscription Agreement; and

- (iii) a premium of approximately 10.53% to the average of the closing prices of HK\$0.769 per EE Share as quoted on the Stock Exchange for the last ten consecutive trading days prior to the date of the Subscription Agreement.

The Conversion Price was determined with reference to, among others, the prevailing market price of the EE Shares and was negotiated on an arm's length basis between Easyknit Enterprises and the Subscriber.

REASONS FOR THE ISSUE OF CONVERTIBLE NOTE 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.

The EE Directors consider the issue of the Convertible Note under the Subscription offers a good opportunity for Easyknit Enterprises to broaden the EE Group's investor base and serves an appropriate means of raising capital for the EE Group since it will not have an immediate dilution effect on the shareholding of the existing EE Shareholders.

Assuming the entire principal amount of the Convertible Note will be issued under the Subscription, the aggregate gross proceeds and net proceeds to Easyknit Enterprises from the issue of the Convertible Note will be HK\$86,000,000 and approximately HK\$85,900,000 respectively. Easyknit Enterprises intends to apply the net proceeds from the Subscription for general working capital of the EE Group.

The EE Directors consider that the terms of the Subscription Agreement and the issue of the Convertible Note pursuant to the terms thereof are fair and reasonable and in the interests of Easyknit Enterprises and its EE Shareholders as a whole.

CHANGES IN THE SHAREHOLDING STRUCTURE OF EASYKNIT ENTERPRISES

Under the scenarios of (a) the conversion rights attaching to the outstanding 2014 Convertible Note are not exercised; and (b) full exercise of the outstanding 2014 Convertible Note, set out below is the shareholding structure of Easyknit Enterprises (i) as at the date of this announcement; and (ii) immediately upon the issue of the Conversion Shares as a result of the full conversion of the Convertible Note at the initial Conversion Price:

Scenario 1: no exercise of the outstanding 2014 Convertible Note

	As at the date of this announcement (Note 1)		Immediately upon the issue of Conversion Shares as a result of the full conversion of the Convertible Note at the Initial Conversion Price (Note 1)	
	Number of EE Shares	Approximate %	Number of EE Shares	Approximate %
Substantial EE Shareholders				
<i>Landmark Profits Goodco</i>	44,547,384	8.38	44,547,384	7.04
- Shares of Easyknit Enterprises	173,229,147	32.58	173,229,147	27.37
- Underlying shares of Easyknit Enterprises of the outstanding 2014 Convertible Note (Notes 2 and 3)	1,877,934		1,877,934	
Sub-total	217,776,531	40.96	217,776,531	34.41
The Subscriber	17,010,000	3.20	118,186,470	18.67
Public EE Shareholders	296,932,440	55.84	296,932,440	46.92
Total	531,718,971	100.00	632,895,441	100.00

Notes:

1. The figures are derived based on the existing shareholding structure of Easyknit Enterprises and the assumption that save for the allotment and issue of 101,176,470 Conversion Shares to the Subscriber, there will be no change in the issued share capital of Easyknit Enterprises from the date of this announcement up to (and including) the date of issue of such Conversion Shares resulting from exercise in full of the Conversion Rights.
2. The underlying shares of Easyknit Enterprises of the outstanding 2014 Convertible Note do not represent Easyknit Enterprises's issued shares.
3. Pursuant to the terms of the 2014 Convertible Note, Goodco may convert at any time within the five-year period commencing from 27 March 2014.

Scenario 2: full exercise of the outstanding 2014 Convertible Note

	As at the date of this announcement (Note 1)		Immediately upon the issue of Conversion Shares as a result of the full conversion of the Convertible Note at the Initial Conversion Price (Note 1)	
	Number of EE Shares	Approximate %	Number of EE Shares	Approximate %
Substantial EE Shareholders				
<i>Landmark Profits</i>	44,547,384	8.35	44,547,384	7.02
<i>Goodco</i>				
- Shares of Easyknit Enterprises	175,107,081	32.81	175,107,081	27.58
- Underlying shares of Easyknit Enterprises of the outstanding 2014 Convertible Note (Notes 2 and 3)	-	0.00	-	0.00
Sub-total	219,654,465	41.16	219,654,465	34.60
The Subscriber	17,010,000	3.19	118,186,470	18.62
Public EE Shareholders	296,932,440	55.65	296,932,440	46.78
Total	533,596,905	100.00	634,773,375	100.00

Notes:

- The figures are derived based on the existing shareholding structure of Easyknit Enterprises and the assumption that save for (i) the allotment and issue of 101,176,470 Conversion Shares to the Subscriber and (ii) 1,877,934 conversion shares to be issued upon the full exercise of the conversion rights attaching to the 2014 Convertible Note at the prevailing conversion price of HK\$10.65 per conversion share, there will be no change in the issued share capital of Easyknit Enterprises from the date of this announcement up to (and including) the date of issue of such Conversion Shares resulting from exercise in full of the Conversion Rights.
- The underlying shares of Easyknit Enterprises of the outstanding 2014 Convertible Note do not represent Easyknit Enterprises's issued shares.
- Pursuant to the terms of the 2014 Convertible Note, Goodco may convert at any time within the five-year period commencing from 27 March 2014.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Fund-raising activities	Net proceeds raised (approximate)	Intended use of net proceeds	Actual use of net proceeds (approximate)
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 the Inverness Road Property	Applied as intended
2 March 2015	Rights issue of 506,399,020 new EE Shares	HK\$326.0 million	(a) HK\$260 million for redevelopment cost of the Inverness Road Project (b) HK\$66 million for general corporate purposes	To be applied as intended Applied as intended

Save as disclosed in this paragraph, Easyknit Enterprises had not conducted any other fund-raising activities in the past twelve months immediately before the date of this announcement.

EFFECT OF THE ISSUE OF CONVERTIBLE NOTE ON EASYKNIT INTERNATIONAL

As at the date of this announcement, Easyknit International has shareholding of approximately 40.96% in Easyknit Enterprises which is a subsidiary of Easyknit International.

Upon the full exercise of the conversion rights attached to the Convertible Note, there will have the effect of diluting all existing EE Shareholders' percentage shareholdings in Easyknit Enterprises. So far as Easyknit International is concerned, its percentage share of the issued share capital of Easyknit Enterprises will be diluted approximately from 40.96% to approximately 34.41%. Pursuant to Rule 14.31 of the Listing Rules, the Deemed Disposal constitutes a major transaction to Easyknit International, Easyknit Enterprises will no longer be subsidiary of Easyknit International and its financial position and results will not be consolidated into those of Easyknit International. Easyknit Enterprises will be accounted for an associate of Easyknit International

LISTING RULES IMPLICATIONS TO EASYKNIT INTERNATIONAL

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

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

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

Sea Rejoice Limited, which holds 17,429,664 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 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.

In compliance with Rule 14.60(7) a circular containing, among other things, details of the Deemed Disposal is expected to be despatched to the EI Shareholders on or before 19 June 2015.

GENERAL

The Conversion Shares will be allotted and issued under the General Mandate. Under the General Mandate, a maximum of 101,176,470 new EE Shares may fall to be allotted and issued.

Up to the date of this announcement, no EE Shares have been issued under the General Mandate. As such, the General Mandate will be sufficient for, and no further EE Shareholders' approval is required for, the allotment and issue of the Conversion Shares. Accordingly, assuming no EE Shares will be granted under the General Mandate from the date of this announcement up to the date of the issue of the Conversion Shares, the General Mandate will be sufficient for, and no EE Shareholders' approval is required for, the allotment and issue of the Conversion Shares.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

As completion of the Subscription is subject to the satisfaction of a number of conditions precedent and the termination rights of the Subscriber, the Subscription may or may not proceed. EE Shareholders, EI Shareholders and potential investors are advised to exercise caution when dealing in the EE Shares and EI Shares.

DEFINITIONS

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

"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

“Completion”	Completion of the issue and subscription of the Convertible Note pursuant to the Subscription Agreement
“Conditions Precedent”	the conditions precedent for completion of the Subscription Agreement to take place as set out in the paragraph headed “Conditions Precedent” in this announcement
“connected person(s)”	the meaning ascribed to it in the Listing Rules
“Conversion Period”	the period during which the Noteholder may exercise the Conversion Rights to subscribe for the Conversion Shares at the Conversion Price, details of which are set out in the paragraph headed “Principal terms of the Convertible Note” in this announcement
“Conversion Price”	the conversion price at which each Conversion Share shall be issued upon a conversion of all or any part of the Convertible Note, which is initially fixed at HK\$0.85 per Conversion Share and subject to adjustments (if any)
“Conversion Rights”	the conversion rights attached to the Convertible Note
“Conversion Share(s)”	the EE Share(s) to be allotted and issued by Easyknt Enterprises upon exercise of the Conversion Rights
“Convertible Note”	the convertible note in the principal amount of HK\$86,000,000 to be issued by Easyknt Enterprises to the Subscriber pursuant to the Subscription Agreement
“2014 Convertible Note”	the 2% per annum coupon rate convertible note issued by Easyknt Enterprises on 27 March 2014 in the aggregate principal amount of HK\$100,000,000 conferring rights to convert EE Shares on the basis of a prevailing conversion price of HK\$10.65 per EE Share (subject to adjustment), of which HK\$80,000,000 has already been converted
“Deemed Disposal”	upon the completion of the Subscription, it dilutes the shareholding interests of Easyknt International in Easyknt Enterprises from approximately 40.96% to approximately 34.41%
“Easyknt Enterprises”	Easyknt Enterprises 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
“Easyknt Internatioanl”	Easyknt 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
“EE Board”	the board EE Directors
“EE Directors”	the directors of Easyknt Enterprises

“EE Group”	Easyknit Enterprises and its subsidiaries
“EE Shareholders”	holders of EE Shares
“EE Shares”	ordinary share at HK\$0.01 each in the share capital of Easyknit Enterprises
“EI Board”	the board of EI Directors
“EI Directors”	the directors of Easyknit International
“EI Shareholders”	holders of EI Shares
“EI Shares”	ordinary share at HK\$0.10 each in the share capital of Easyknit International
“General Mandate”	the mandate was approved by the independent EE Shareholders on 9 December 2014 authorising the EE Directors to deal, issue and allot the EE Shares
“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 of Easyknit Enterprises (as defined in the Listing Rules)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Date”	the date of issue of the Convertible Note, which shall be on the date of completion of the Subscription Agreement
“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 of Easyknit Enterprises (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	2 years after the first issue of the Convertible Note
“Noteholder”	the holder of the Convertible Note
“PRC”	the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Madian Star Limited, an investment holding company incorporated in the British Virgins Islands with limited liability

“Subscription”	conditional subscription of the Convertible Note by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the agreement dated 29 May 2015 entered into between Easyknit Enterprises and the Subscriber in relation to the Subscription and issue of the Convertible Note
“substantial shareholder(s)”	the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	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, 29 May 2015

As at the date hereof, the board of EE Directors 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 EI Directors 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.