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JOINT ANNOUNCEMENT



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

**(1) VERY SUBSTANTIAL
ACQUISITION AND
CONNECTED TRANSACTION
IN RELATION TO THE
PURCHASE OF
THE PROPERTIES GROUP;**

**(2) PROPOSED CAPITAL
REORGANISATION;**

(3) CHANGE IN BOARD LOT SIZE;

AND

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



Easyknit International Holdings Limited
永義國際集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 1218)

**MAJOR TRANSACTION
IN RELATION TO THE
SALE OF
THE PROPERTIES GROUP**

Underwriter of the proposed Rights Issue



結好證券有限公司
GET NICE SECURITIES LIMITED

** for identification purposes only*

THE S&P AGREEMENT

The EE Board and EI Board are pleased to announce that on 6 August 2015, Easyknit Enterprises and Vendor (being a wholly-owned subsidiary of Easyknit International) entered into 4 sets of S&P Agreements, pursuant to which the Purchaser(s) has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Share(s), representing the entire issued share capital of each of the Target Companies of the Properties Group at an aggregate consideration of HK\$240 million. Upon Completion, the Target Companies will become subsidiaries of Easyknit Enterprises.

The Properties Group comprises 5 Target Companies which are the wholly-owned subsidiaries of Easyknit International.

The Consideration of HK\$240 million will be settled by Easyknit Enterprises from the net proceeds raised from the proposed Rights Issue upon Completion.

PROPOSED CAPITAL REORGANISATION

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

- (i) Share Consolidation: that every ten (10) issued and unissued Existing Shares be consolidated into one (1) Consolidated Share;
- (ii) Capital Reduction: that (i) the issued share capital of Easyknit Enterprises be reduced by the cancellation of the paid-up capital of Easyknit Enterprises to the extent of HK\$0.09 on each of the then issued Consolidated Shares in the share capital of Easyknit Enterprises such that the par value of each issued Consolidated Share will be reduced from HK\$0.10 to HK\$0.01; (ii) the authorised share capital of Easyknit Enterprises be reduced by reducing the par value of all Consolidated Shares in the authorised share capital of Easyknit Enterprises from HK\$0.10 each to HK\$0.01 each, resulting in the reduction of the authorised share capital of Easyknit Enterprises from HK\$200,000,000 divided into 2,000,000,000 Consolidated Shares to HK\$20,000,000 divided into 2,000,000,000 Adjusted Shares; and (iii) the credit amount arising from the reduction of the issued share capital of Easyknit Enterprises be transferred to the contributed surplus account of Easyknit Enterprises; and
- (iii) Authorised Capital Increase: that the authorised share capital of Easyknit Enterprises be increased from HK\$20,000,000 divided into 2,000,000,000 Adjusted Shares to HK\$200,000,000 divided into 20,000,000,000 Adjusted Shares.

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

CHANGE IN BOARD LOT SIZE

The EE Board also proposes to change the board lot size for trading in the Existing Shares from 3,000 Existing Shares to 5,000 Adjusted Shares subject to and after the Capital Reorganisation becoming effective.

PROPOSED RIGHTS ISSUE

Easyknit Enterprises proposes to raise approximately HK\$510 million, before expenses, by way of Rights Issue of 1,063,437,940 Rights Shares at the Subscription Price of HK\$0.48 per Rights Share on the basis of twenty (20) Rights Shares for every one (1) Adjusted Share held at the Record Date and payable in full on acceptance. The estimated net proceeds from the Rights Issue will be approximately HK\$505 million of which HK\$240 million are intended to be used in relation to the purchase of the Sale Share(s) of the Properties Group; HK\$139 million to be applied for the repayment of bank loan; HK\$30 million to be earmarked for the acquisition of the Matheson Remaining Unit or potential investment; HK\$70 million to be applied for the segments of investment of listed securities and loan financing; and the remaining HK\$26 million as general working capital of Easyknit Enterprises.

As at the date of this announcement, Easyknit International, through Landmark Profits and Goodco, is interested in 217,776,531 EE Shares, representing approximately 40.96% of the total issued share capital of Easyknit Enterprises. Each of Landmark Profits and Goodco has irrevocably undertaken to Easyknit Enterprises and the Underwriter that the EE Shares beneficially owned by them will not be disposed of or transferred from the date of the undertaking, being the date of the Underwriting Agreement, to the Record Date and that the Rights Shares to be allotted in respect of those Adjusted Shares will be taken up in full, representing a total of 435,553,040 Rights Shares. Landmark Profits and Goodco will not apply for any excess Rights Shares. The subscription moneys payable by Landmark Profits and Goodco to Easyknit Enterprises pursuant to the Undertakings will be set off against the remaining balance of HK\$240 million owed by Easyknit Enterprises to Easyknit International pursuant to the S&P Agreements. Landmark Profits, Goodco, Easyknit International and Easyknit Enterprises have agreed to the set-off arrangements.

The Rights Issue will be underwritten by the Underwriter, conditional upon, inter alia: (i) approval having been obtained at the SGM of Easyknit Enterprises from the Independent EE Shareholders for the S&P Agreements, the proposed Rights Issue and transactions contemplated thereunder; and (ii) the Capital Reorganisation becoming effective. Further details of the underwriting arrangement are set out in the paragraph headed "Underwriting Agreement for the Rights Issue" in this announcement. If the conditions are not fulfilled (or waived, where applicable) or the Underwriting Agreement is terminated, the Rights Issue will not proceed.

The Subscription Price of HK\$0.48 per Rights Share represents:

- (i) a discount of approximately 88% to the adjusted closing price of HK\$4.00 per Adjusted Share, based on the closing price of HK\$0.40 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (ii) a discount of approximately 88.12% to the adjusted average closing price of HK\$4.04 per Adjusted Share, based on the average closing price of HK\$0.404 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation;

- (iii) a discount of approximately 26.15% to the theoretical ex-rights price of HK\$0.65 per Adjusted Share after the Rights Issue, based on the closing price of HK\$0.40 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted to HK\$4.00 per share for the effect of the Capital Reorganisation; and
- (iv) a discount of approximately 83.67% to net asset value of approximately HK\$2.94 per Share based on the audited consolidated net asset value of the EE Group attributable to the Shareholders of HK\$1,562,645,000 as at 31 March 2015 and 531,718,971 Shares in issue as at the date of this announcement.

The dilution impact of the Rights Issue to the existing shareholders if they elect not to participate in the Rights Issue is 95.24% that is to say that if they elect not to participate in the Rights Issue the percentage of the issued Shares represented by their respective holdings will fall by 95.24%. The detailed accumulative dilution effect of fund raising activities in the past 24 months for EE Shareholders who did not participate in those activities is set out in Appendix 3 of this announcement.

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

The EE Share(s) are expected to be adjusted and dealt in on an ex-rights basis from Wednesday, 7 October 2015. Dealings in the Rights Shares in the nil-paid form will take place from Thursday, 15 October 2015 to Friday, 23 October 2015 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated, the Rights Issue will not proceed.

Any EE Shareholders or other persons dealing in Adjusted Shares up to the date on which all the conditions to which the Rights Issue is subject to are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from Thursday, 15 October 2015 to Friday, 23 October 2015 (both dates inclusive) will bear the risk that the Rights Issue may not become unconditional and may not proceed. If in any doubt, investors should consult their professional advisers.

LISTING RULES IMPLICATIONS

Easyknit Enterprises

As of the date of this announcement, Easyknit International, through Goodco and Landmark Profits, its wholly-owned subsidiaries, has indirect interests of approximately 40.96% of the issued share capital of Easyknit Enterprises. As such, the purchase of the Properties Group constitutes a connected transaction under Chapter 14A of the Listing Rules on Stock Exchange. Further, as the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Consideration exceeds 100%, it also constitutes a very substantial acquisition of Easyknit Enterprises under Rule 14.08 of the Listing Rules.

The number of Rights Shares to be issued pursuant to the Rights Issue represents twenty times Easyknit Enterprises' issued share capital after the Capital Reorganisation and approximately 95.24% of Easyknit Enterprises' adjusted and enlarged issued share capital immediately following the Capital Reorganisation coming into effect and the completion of the Rights Issue. As the Rights Issue will increase the issued share capital of Easyknit Enterprises by more than 50.0%, pursuant to Rule 7.19(6)(a) of the Listing Rules, the Rights Issue is subject to the approval from Independent EE Shareholders at the SGM of Easyknit Enterprises.

In consideration of the above, the S&P Agreements, the proposed Rights Issue and transactions contemplated thereunder is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules. In accordance with the Listing Rules, Goodco, Landmark Profits and their respective associates will abstain from voting on the resolution(s) to approve the S&P Agreement(s), the proposed Rights Issue and transactions contemplated thereunder at the SGM.

Easyknit International

As the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Consideration exceeds 25% but is less than 75%, sale of the Properties Group will constitute a major disposal transaction of Easyknit International under Rule 14.08 of the Listing Rules. It is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

DESPATCH OF THE CIRCULARS

An EE Circular containing, inter alia: (i) further information of the proposed Capital Reorganisation, the S&P Agreements, the proposed Rights Issue and transactions contemplated thereunder; (ii) the valuation report and the financial information of the Properties Group; (iii) a letter of recommendation from the Independent Board Committee in respect of the S&P Agreements, the proposed Rights Issue and transactions contemplated thereunder; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent EE Shareholders on the S&P Agreements, the proposed Rights Issue and transactions contemplated thereunder; and (v) a notice of the SGM, will be despatched to the EE Shareholders on or before 9 September 2015 as additional time is required to prepare the financial information.

An EI Circular containing, inter alia, (i) further information the S&P Agreements and the transactions contemplated thereunder and (ii) the valuation report will be despatched to the EI Shareholders on or before 9 September 2015 as additional time is required to prepare the financial information

The EE Board and EI Board are pleased to announce that on 6 August 2015, the Purchaser(s) and the Vendor (being a wholly-owned subsidiary of Easyknit International) entered into the S&P Agreement(s), pursuant to which the Purchaser(s) has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Share(s), representing the entire issued share capital of the Target Companies at the consideration of HK\$240 million. Upon Completion, the Target Companies will become subsidiaries of Easyknit Enterprises.

As at the date of this announcement, Easyknit International, through its wholly-owned subsidiaries, Landmark Profits and Goodco, is interested in 217,776,531 EE Shares, representing approximately 40.96% of the issued share capital of Easyknit Enterprises.

As at the date of this announcement, Easyknit International held an outstanding convertible note in a principal amount of HK\$20,000,000 which is convertible into EE Shares during the five-year period commencing from 27 March 2014 at the prevailing conversion price of HK\$10.65 per EE Share.

PROPERTIES GROUP

Properties Group has 11 properties of which 6 are residential units (3 units in Hong Kong and 3 units in Singapore), 5 are industrial units. All the 11 units are leased to third parties independent of Easyknit Enterprises. The expiration date of each tenancy is different but the expiration date of the respective tenancies ranges between August 2015 and May 2017. The aggregate monthly rental of the Properties Group is approximately HK\$547,000. The aggregate valuation of the Properties Group in mid-July 2015 is HK\$239,788,785 which is indicated by independent valuers.

S&P AGREEMENT – SINGAPORE PROPERTIES

Date: 6 August 2015

Parties Purchaser: Power Bright Investments Limited
Vendor: Easyknit Properties Holdings Limited

Target Company: Grow Well Profits Limited is incorporated in British Virgin Islands and its sole asset is Singapore Properties.

Pursuant to the S&P Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Share, upon the terms contained therein. Upon Completion, the Target Company will cease to be a subsidiary of Easyknit International. The Target Company is an investment holding company holds 100% interest in the Singapore Properties.

The Singapore Properties comprises 3 residential units in Singapore and are currently leased to 3 tenants, which are third parties independent of Easyknit Enterprises, at an aggregate monthly rental of approximately HK\$287,200.

The Consideration for acquiring the Sale Share is HK\$137,770,000 and it will be financed by the net proceeds from the proposed Rights Issue upon Completion by cash. The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the location of the Singapore Properties and the preliminary valuation at the existing market value of HK\$137,558,785 by an independent valuer. A valuation report of the Singapore Properties will be contained in the respective Circulars to be despatched to the EE Shareholders and EI Shareholders.

THE S&P AGREEMENT – ST PROPERTIES

Date: 6 August 2015

Parties Purchaser: Easyknit Enterprises
Vendor: Easyknit Properties Holdings Limited

Target Company: Supertop Investment Limited is a company incorporated in British Virgin Islands and its sole assets (via its wholly owned subsidiary Goldchamp International Limited) is ST Properties.

Pursuant to the S&P Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Share, upon the terms contained therein. Upon Completion, the Target Company will cease to be a subsidiary of Easyknit International. The Target Company is an investment holding company, which through its wholly-owned subsidiary, holds 100% interest in ST Properties in Hong Kong.

The ST Properties comprises 6 units in Hong Kong of which there are 3 residential units and 3 industrial units and are currently leased to 5 tenants, which are third parties independent of Easyknit Enterprises, at an aggregate monthly rental of HK\$135,000.

The Consideration for acquiring the Sale Share is HK\$60,750,000 and it will be financed by the net proceeds from the proposed Rights Issue upon Completion by cash. The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the location of the ST Properties and the preliminary valuation at the existing market value of HK\$60,750,000 by an independent valuer. A valuation report of the ST Properties will be contained in the respective Circulars to be despatched to the EE Shareholders and EI Shareholders.

THE S&P AGREEMENT - GT PROPERTY

Date: 6 August 2015

Parties Purchaser: New Pursuit Limited
Vendor: Easyknit Properties Holdings Limited

Target Company: Golden Top Properties Limited is a company incorporate in Hong Kong and its sole asset is the GT Property.

Pursuant to the S&P Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Share, upon the terms contained therein. Upon Completion, the Target Company will cease to be a subsidiary of Easyknit International. The Target Company is an investment holding company holds 100% interest in GT Property in Hong Kong.

The GT Property refers to an industrial unit in Hong Kong and are currently leased to a tenant, which is a third parties independent of Easyknit Enterprises, at an aggregate monthly rental of HK\$100,000.

The Consideration for acquiring the Sale Share is HK\$29,800,000 and it will be financed by the net proceeds from the proposed Rights Issue upon Completion by cash. The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the location of the GT Property and the preliminary valuation valued at the existing market value of HK\$29,800,000 by an independent valuer. A valuation report of the GT Property will be contained in the respective Circulars to be despatched to the EE Shareholders and EI Shareholders.

THE S&P AGREEMENT – JANSON PROPERTY

Date: 6 August 2015

Parties Purchaser: Fresh Smart Investments Limited
Vendor: Easyknit Properties Holdings Limited

Target Company: Janson Properties Limited is a company incorporated in Hong Kong and its sole assets is the Janson Property.

Pursuant to the S&P Agreement, Easyknit Enterprises has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Share, upon the terms contained therein. Upon Completion, the Target Company will cease to be a subsidiary of Easyknit International. The Target Company is an investment holding company holds 100% interest in Janson Property in Hong Kong.

The Janson Property is an industrial unit in Hong Kong and is currently leased to a tenant, which is a third parties independent of Easyknit Enterprises, at an aggregate monthly rental of HK\$32,000.

The Consideration for acquiring the Sale Share is HK\$11,680,000 and it will be financed by the net proceeds from the proposed Rights Issue upon Completion by cash. The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the location of the Janson Property and the preliminary valuation valued at the existing market value of HK\$11,680,000 by an independent valuer. A valuation report of the Janson Property will be contained in the respective Circulars to be despatched to the EE Shareholders and EI Shareholders.

Taking into consideration the above, the EE Directors (other than the members of the Independent Board Committee whose view will be set out in the EE Circular to be despatched to the EE Shareholders after receiving the advice of the independent financial adviser) are of the view that the Consideration is fair and reasonable.

Based on the audited consolidated accounts and taking into the account of the fair value gain for the year ended 31 March 2015 of the Properties Group, the EI Group is expected to record an estimate loss of approximately HK\$7,800,000 upon disposal of the Properties Group. The actual amount of loss to be recognised would be subject to the operating results of the Properties Group for the period from 1 April 2015 upto the date of Completion, recognition of the expenses to be incurred in relation to the disposal of the Properties Group and the review by Easyknit International's auditors. Taking into consideration of the above, the EI Board (including the independent non-executive EI Directors) is of the view that the Consideration is fair and reasonable.

Conditions precedent

Completion is conditional upon the following conditions (the “**Conditions**”) having been fulfilled or waived (as the case may be):

- (a) The respective obligations of the parties to effect completion of the sale and purchase of the Sale Shares are conditional upon the following:
 - (i) Easyknit Enterprises being satisfied with its “due diligence” review of the legal and financial affairs of the Properties Group;
 - (ii) Easyknit Enterprises having received the sums payable to it in the Rights Issue that is the subject of the Underwriting Agreement;
 - (iii) the approval of the S&P Agreement and the transactions contemplated thereunder, by the EE Shareholders (other than those who are required by the Listing Rules to abstain from voting) as required under the Listing Rules having been obtained; and
 - (iv) the approval of the S&P Agreement and the transactions contemplated thereunder, by the EI Shareholders (other than those who are required by the Listing Rules to abstain from voting) as required under the Listing Rules having been obtained.
- (b) Each party shall use its reasonable endeavours and co-operate to ensure the fulfilment of the Conditions by 30 November 2015. The Vendor shall use all reasonable endeavours to assist Easyknit Enterprises in connection with the due diligence review to be conducted and, in particular, shall procure that all information and documents relating to the Vendor and the Properties Group required pursuant to the Listing Rules, and other applicable rules, codes and regulations whether in connection with the preparation of all circular, reports, documents, independent advice or otherwise are duly given promptly to Easyknit Enterprises, the Stock Exchange, and/or other relevant regulatory authorities.
- (c) If the Conditions have not been fulfilled (or, where applicable, waived by the Purchaser(s)) on or before 30 November 2015 (or such other date as may be agreed by the Vendor and the Purchaser(s)) and either the Vendor on the one hand or Easyknit Enterprises on the other hand, gives notice to terminate the S&P Agreement, the S&P Agreement shall thereupon terminate.

Completion

Completion shall take place on the third Business Day after the date on which the abovementioned conditions have been satisfied or, if applicable, waived by Easyknit Enterprises or such other date as Easyknit Enterprises and the Vendor may agree in writing.

PROPOSED CAPITAL REORGANISATION

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

- (i) Share Consolidation: that every ten (10) issued and unissued Existing Shares be consolidated into one (1) Consolidated Share;
- (ii) Capital Reduction: that (i) the issued share capital of Easyknit Enterprises be reduced by the cancellation of the paid-up capital of Easyknit Enterprises to the extent of HK\$0.09 on each of the then issued Consolidated Shares in the share capital of Easyknit Enterprises such that the par value of each issued Consolidated Share will be reduced from HK\$0.10 to HK\$0.01; (ii) the authorised share capital of Easyknit Enterprises be reduced by reducing the par value of all Consolidated Shares in the authorised share capital of Easyknit Enterprises from HK\$0.10 each to HK\$0.01 each, resulting in the reduction of the authorised share capital of Easyknit Enterprises from HK\$200,000,000 divided into 2,000,000,000 Consolidated Shares to HK\$20,000,000 divided into 2,000,000,000 Adjusted Shares; and (iii) the credit amount arising from the reduction of the issued share capital of Easyknit Enterprises be transferred to the contributed surplus account of Easyknit Enterprises; and
- (iii) Authorised Capital Increase: that the authorised share capital of Easyknit Enterprises be increased from HK\$20,000,000 divided into 2,000,000,000 Adjusted Shares to HK\$200,000,000 divided into 20,000,000,000 Adjusted Shares.

Effects of the Capital Reorganisation

As at the date of this announcement, save as the 2014 Convertible Note and 2015 Convertible Note, Easyknit Enterprises does not have any outstanding share options granted under any of its share option scheme or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into EE Shares.

Based on Easyknit Enterprises' existing authorised share capital of HK\$200,000,000, represented by 20,000,000,000 Existing Shares and the existing issued share capital of HK\$5,317,189.71, represented by 531,718,971 Existing Shares, upon completion of the Capital Reorganisation, the authorised share capital of Easyknit Enterprises will remain at HK\$200,000,000, represented by 20,000,000,000 Adjusted Shares, and the issued share capital will be HK\$531,718.97 represented by 53,171,897 Adjusted Shares.

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

The effect of the Capital Reorganisation is summarised below:

	Prior to the Capital Reorganisation	Immediately following the Capital Reorganisation becoming effective (<i>Note</i>)
Par value of each Existing Share / Adjusted Share in issue	HK\$0.01	HK\$0.01
Number of authorised Existing Shares / Adjusted Shares	20,000,000,000	20,000,000,000
Authorised share capital	HK\$200,000,000	HK\$200,000,000

Number of Existing Shares / Adjusted Shares in issue	531,718,971	53,171,897
Issued and fully paid-up share capital	HK\$5,317,189.71	HK\$531,718.97

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

Based on 531,718,971 Existing Shares in issue as at the date of this announcement, a credit of approximately HK\$478,547,000 million will arise as a result of the Capital Reorganisation and will be transferred to the contributed surplus account of Easyknit Enterprises. The EE Board intends to apply the credit amount arising from the Capital Reduction to set-off the accumulated losses of Easyknit Enterprises.

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

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

Reasons for the Capital Reorganisation

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

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

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

Conditions of the Capital Reorganisation

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

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

Expected effective date of the Capital Reorganisation

Subject to the above conditions being fulfilled, the Capital Reorganisation is expected to become effective on Tuesday, 6 October 2015.

Listing and dealings

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

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

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

Free exchange of share certificates

Subject to the Capital Reorganisation becoming effective, EE Shareholders may submit existing share certificates for Existing Shares to branch share registrar of Easyknit Enterprises in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queens Road East, Hong Kong from Tuesday, 6 October 2015 to Friday, 13 October 2015 (both dates inclusive) to exchange, at the expense of Easyknit Enterprises, for new certificates for the

Adjusted Shares. Thereafter, shares certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each share certificate of the Existing Shares cancelled or each new share certificate issued for the Adjusted Shares, whichever number of certificates cancelled/issued is higher. The shares certificates for the Existing Shares will be valid in the form of existing shares certificates for trading and settlement up to 4:00 p.m., Monday, 9 November 2015, being the latest time for trading in board lots of 300 Adjusted Shares (or such other date which will be announced by Easyknit Enterprises) but will continue to be good evidence of legal title after the Capital Reorganisation has become effective and may be exchanged for shares certificates of the Adjusted Shares at any time in accordance with the foregoing.

CHANGE IN BOARD LOT SIZE

The EE Board also proposes to change the board lot size for trading in the Existing Shares from 3,000 Existing Shares to 5,000 Adjusted Shares subject to and after the Capital Reorganisation becoming effective.

Odd lots arrangements and matching services

In order to facilitate the trading of odd lots (if any) of the Adjusted Shares arising from the Capital Reorganisation, Get Nice Securities Limited, has been appointed to match the purchase and sale of odd lots of the Adjusted Shares at the relevant market price per Adjusted Share for the period from 9:00 a.m. on Tuesday, 20 October 2015 to 4:00 p.m. on Monday, 9 November 2015 (both dates inclusive). Holders of odd lots of the Adjusted Shares should note that successful matching of the sale and purchase of odd lots of the Adjusted Shares is not guaranteed. Any EE Shareholder, who is in any doubt about the odd lot arrangement, is recommended to consult his/her/its own professional advisers. Details of the matching service will be provided in the EE Circular to be despatched to the EE Shareholders.

PROPOSED RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	: Twenty (20) Rights Shares for every one (1) issued Adjusted Share held on the Record Date and payable in full on acceptance
Number of Existing Shares in issue at the date of this announcement	: 531,718,971 Existing Shares
Number of Adjusted Shares in issue upon the Capital Reorganisation becoming effective	: 53,171,897 Adjusted Shares (assuming no issue of new EE Shares or no further repurchase of EE Shares on or before the Record Date)
Number of Rights Shares	: 1,063,437,940 Adjusted Shares
Aggregate nominal value of the Rights Shares	: HK\$106,343.79

Subscription Price	: HK\$0.48 per Rights Shares
Enlarged issued share capital of Easyknit Enterprises immediately upon completion of the Rights Issue	: 1,116,609,837 EE Shares
Fund raised before expenses	: approximately HK\$510 million
Net price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares (assuming no subscription or conversion rights attaching to the convertible note are exercised on or before the Record Date)	: approximately HK\$0.47 per Rights Share
Underwriter	: Get Nice Securities Limited

As at the date of this announcement, Easyknit International held an outstanding convertible note in a principal amount of HK\$20,000,000 which are convertible into EE Shares during the five-year period commencing from 27 March 2014 at the prevailing conversion price of HK\$10.65 per EE Share.

With the exception of the above and 2015 Convertible Note, as at the date of this announcement, Easyknit Enterprises does not have any outstanding share options granted under any of its share option scheme or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into EE Shares.

Pursuant to the Undertakings as described in the paragraph headed “Undertakings” of the section headed “Underwriting Agreement for the Rights Issue” below, each of Landmark Profits and Goodco has irrevocably undertaken to Easyknit Enterprises and the Underwriter that the EE Shares beneficially owned by them will not be disposed of or transferred from the date of the undertaking to the Record Date and that the Rights Shares to be allotted in respect of those Adjusted Shares will be taken up in full. In addition, Landmark Profits and Goodco will not apply for any excess Rights Shares.

Basis of allotment

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

Subscription Price

The Subscription Price for the Rights Shares is HK\$0.48 per Rights Share, payable in full when a Qualifying Shareholder accepts the allotment under the Rights Issue or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 88% to the adjusted closing price of HK\$4.00 per Adjusted Share, based on the closing price of HK\$0.40 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (ii) discount of approximately 88.12% to the adjusted average closing price of HK\$4.04 per Adjusted Share, based on the average closing price of HK\$0.404 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (iii) a discount of approximately 21.68% to the theoretical ex-rights price of HK\$0.65 per Adjusted Share after the Rights Issue, based on the closing price of HK\$0.40 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation; and
- (iv) a discount of approximately 83.67% to net asset value of approximately HK\$2.94 per Share based on the audited consolidated net asset value of the EE Group attributable to the Shareholders of HK\$1,562,645,000 as at 31 March 2015 and 531,718,971 Shares in issue as at the date of this announcement.

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

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

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

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

Status of the Rights Shares

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

allotment of the Rights Shares. Dealings in the Rights Shares will be subject to payment of stamp duty in Hong Kong.

Fractional entitlements to the Rights Issues

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

Qualifying Shareholders

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

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

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

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

In order to be registered as members of Easyknit Enterprises at the close of business on the Record Date, beneficial owners must lodge any transfers of EE Shares (together with the relevant share certificates) with Easyknit Enterprises' branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on Thursday, 8 October 2015.

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

Non-Qualifying Shareholders

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

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. Easyknit Enterprises will retain individual amounts of

HK\$100 or less for its own benefit. Any unsold entitlement of Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by Qualifying Shareholders.

Application for excess Rights Shares

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

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

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

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

Investors whose EE Shares are held by nominee(s) and would like to have their names registered on the register of members of Easyknit Enterprises, must lodge all necessary document with the branch share registrar of Easyknit Enterprises in Hong Kong for completion of the relevant registration by 4:00 p.m. on Thursday, 8 October 2015.

The Latest Time for Acceptance of a payment for the Rights Issue will be 4:00 p.m. on Wednesday, 28 October 2015, or such later date or time as may be agreed between Easyknit Enterprises and the Underwriter.

Closure of register of members

The register of members of Easyknit Enterprises will be closed from 9 October 2015 to 12 October 2015 (both dates inclusive) and re-opened on Tuesday, 13 October 2015. No transfers of EE Shares will be made on the said date.

Share certificates and refund cheques for the Rights Shares

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on or before Thursday, 5 November 2015 to those who have accepted, or (where applicable) applied for, and paid for the Rights Shares, by ordinary post at their own risk.

Refund cheques in respect of wholly or partly unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Thursday, 5 November 2015 by ordinary post to the applicants at their own risk.

Conditions of the Rights Issue

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

- (i) approval having been obtained at the SGM of Easyknit Enterprises from the Independent EE Shareholders for the S&P Agreement, the proposed Rights Issue; and transactions contemplated thereunder;
- (ii) the Capital Reorganisation becoming effective;
- (iii) the registration by and filing with the Registrar of Companies in Hong Kong of the Prospectus Documents;
- (iv) the posting of copies of the Prospectus Documents to the Qualifying Shareholders on the Posting Date;
- (v) compliance with and performance by Easyknit Enterprises of certain undertakings and obligations under the terms of the Underwriting Agreement;
- (vi) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms and such listings and permission to deal not having been withdrawn or revoked on or before 4:00 p.m. on the Settlement Date;

if required, the Bermuda Monetary Authority granting its consent to the issue of Rights Shares;
- (viii) the EE Shares remaining listed on the Stock Exchange at all times prior to the Settlement Date and the listing of the EE Shares not having been withdrawn or the trading of the EE Shares not having been suspended for a consecutive period of more than five trading days; and
- (ix) delivery by Easyknit Enterprises to the Underwriter of irrevocable undertakings by Landmark Profits and Goodco to accept their respective entitlement under the Rights Issue and fulfilment of their respective obligations under the undertakings.

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

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

Application for listing

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

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

The nil-paid Rights Shares, fully-paid Rights Shares will be traded in board lots of 1,000 Adjusted Shares.

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

UNDERWRITING AGREEMENT FOR THE RIGHTS ISSUE

Undertakings

As at the date of this announcement, Easyknit International, through Landmark Profits and Goodco, is interested in 217,776,531 EE Shares, representing approximately 40.96% of the total issued share capital of Easyknit Enterprises. As at the date of this announcement, Easyknit International also held an outstanding convertible note in principal amount of HK\$20,000,000 which are convertible into EE Shares during the five-year period commencing from 27 March 2014 at the prevailing conversion price of HK\$10.65 per EE Share.

Each of Landmark Profits and Goodco has irrevocably undertaken to Easyknit Enterprises and the Underwriter that the EE Shares beneficially owned by them will not be disposed of or transferred from the date of the undertaking, being the date of the Underwriting Agreement, to the Record Date and that the Rights Shares to be allotted in respect of those Adjusted Shares will be taken up in full, representing a total of 435,553,040 Rights Shares. Landmark Profits and Goodco will not apply for any excess Rights Shares. The subscription moneys payable by Landmark Profits and Goodco to Easyknit Enterprises pursuant to the Undertakings will be set off against the remaining balance of HK\$240 million owed by Easyknit Enterprises to Easyknit International pursuant to the S&P Agreements. Landmark Profits, Goodco, Easyknit International and Easyknit Enterprises have agreed to the set-off arrangements.

Underwriting Agreement

Date	:	6 August 2015
Underwriter	:	Get Nice Securities Limited
Number of Rights Shares being underwritten by the Underwriter	:	All Rights Shares which are not subject to the Undertakings, being 627,884,900 Rights Shares
Commission	:	1.0% of the aggregate Subscription Price in respect of the Rights Shares not subject to the Undertakings, as determined on the Record Date

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

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

Termination of the Underwriting Agreement

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

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

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

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

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

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

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

The EE Shares are expected to be adjusted and dealt in on an ex-rights basis from Wednesday, 7 October 2015. Dealings in the Rights Shares in the nil-paid form will take place from Thursday, 15 October 2015 to Friday, 23 October 2015 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated, the Rights Issue will not proceed.

Any EE Shareholders or other persons dealing in the Adjusted Shares up to the date on which all the conditions to which the Rights Issue is subject to are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from Thursday, 15 October 2015 to Friday, 23 October 2015 (both dates inclusive) will bear the risk that the Rights Issue may not become unconditional and may not proceed. If in any doubt, investors should consult their professional advisers.

EXPECTED TIMETABLE

The expected timetable is set out below:

Event	2015 (Hong Kong time)
Expected despatch date of circular	Wednesday, 9 September
Latest time for lodging proxy form	9:10 a.m. on Saturday, 3 October
Expected date and time of the SGM	9:10 a.m. on Monday, 5 October
Announcement on results of SGM	Monday, 5 October
Effective date for the Capital Reorganisation	Tuesday, 6 October
Commencement of dealings in the Adjusted Shares	9:00 a.m. on Tuesday, 6 October
Original counter for trading in existing EE share Certificates in board lots of 3,000 Shares temporarily closes	9:00 a.m. on Tuesday, 6 October
Temporary counter for trading in Adjusted Shares in board lots of 300 Adjusted Shares (in the form of existing share certificates) opens	9:00 a.m. on Tuesday, 6 October
First day for free exchange of existing certificates for the Shares into new share certificates for Adjusted Shares	9:00 a.m. on Tuesday, 6 October
Last day of dealings in EE Shares on a cum-rights basis	Tuesday, 6 October
First day of dealings in EE Shares on an ex-rights basis	Wednesday, 7 October
Latest time for EE Shareholders to lodge transfer of EE Shares in order to qualify for the Rights Issue	4:30 p.m. on Thursday, 8 October
Closure of register of members of Easyknit Enterprises	Friday, 9 October to Monday, 12 October
Record date and time	Monday, 12 October
Register of members of Easyknit Enterprises re-opens	Tuesday, 13 October
Despatch of Prospectus Documents	Tuesday, 13 October

Event	2015 (Hong Kong time)
First day of dealings in nil-paid Rights Shares	9:00 a.m. Thursday, 15 October
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Monday, 19 October
Designated broker starts to stand in the market to provide matching services for odd lots of Adjusted Shares	9:00 a.m. on Tuesday, 20 October
Original counter for trading in Adjusted Shares in new board lots of 5,000 Adjusted Shares (in the form of new share certificates) re-opens	9:00 a.m. on Tuesday, 20 October
Parallel trading in Adjusted Shares (in the form of both existing certificates in board lots of 300 Adjusted Shares and new certificates in board lots of 5,000 Adjusted Shares) commences	9:00 a.m. on Tuesday, 20 October
Last day of dealing in nil-paid Rights Shares	4:00 p.m. on Friday, 23 October
Latest time for acceptance of, and payment for, the Rights Shares and the application for excess Rights Shares	4:00 p.m. on Wednesday, 28 October
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Monday, 2 November
Announcement of results of the Rights Issue	Wednesday, 4 November
Refund cheques to be despatched in relation to wholly or partially unsuccessful applications for excess Rights Shares on or before	Thursday, 5 November
Certificates for fully paid Rights Shares to be despatched on or before	Thursday, 5 November
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Friday, 6 November
Temporary counter for trading in Adjusted Shares in board lots of 300 Adjusted Shares (in the form of existing certificates) closes	4:00 p.m. on Tuesday, 10 November

Event	2015 (Hong Kong time)
Parallel trading in the Adjusted Shares (represented by both existing certificates in board lots of 300 Adjusted Shares and new certificates in board lots of 5,000 Adjusted Shares) ends	4:00 p.m. on Tuesday, 10 November
Designated broker ceases to stand in the market to provide matching service	4:00 p.m. on Tuesday, 10 November
Last day for free exchange of existing share certificates for new certificates	Friday, 13 November

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

EFFECT ON THE SHAREHOLDING STRUCTURE OF EASYKNIT ENTERPRISES

For the effect on the shareholding structure of the Easyknit Enterprises, Appendix 1 was made under the scenario of the conversion rights attaching to the outstanding 2014 Convertible Note and 2015 Convertible Note are not exercised; whilst Appendix 2 was made under the scenario of the full exercise of the outstanding 2014 Convertible Note and 2015 Convertible Note.

As at the date of this announcement, Easyknit Enterprises is an associated company of Easyknit International.

Pursuant to the Underwriting Agreement, in the event that the Underwriter is called upon to subscribe for or to procure subscribers for the Underwritten Shares, the Underwriter shall use its best endeavours to ensure that (1) each of the subscribers of the Underwritten Shares procured by it shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with Easyknit Enterprises, any of the EE Directors or chief executive or substantial shareholders of Easyknit Enterprises or their respective associates; and (2) the public float requirements under Rule 8.08 of the Listing Rules be fulfilled by Easyknit Enterprises upon Completion of the Rights Issue.

Easyknit Enterprises has been informed by the Underwriter that the Underwriter will enter into sub-underwriting agreements with sub-underwriters to ensure the fulfilment of its obligations to underwrite all Rights Shares which are not subject to the Undertakings, being the 627,884,900 Rights Shares together with its obligation, set out above. The Underwriter confirms that no subscribers will become a substantial Shareholder of Easyknit Enterprises immediately upon Completion of the Rights Issue.

POSSIBLE ADJUSTMENTS TO THE CONVERTIBLE NOTES

As at the date of the announcement, the outstanding aggregate principal amount of the 2014 Convertible Note amounted to HK\$20,000,000 which are convertible to EE Shares during the five-year period commencing from 27 March 2014 at the prevailing conversion price of HK\$10.65 in force at the time of conversion (if any); and for the 2015 Convertible Note, there was no exercise of conversion since the date of issue (i.e. 12 June 2015). As a result of the proposed Rights Issue, adjustments may need to be made to the exercise price and other rights (if any) attached to the conversion rights of each convertible note, if necessary, Easyknit Enterprises will make further announcement accordingly.

REASONS FOR AND BENEFITS OF THE S&P AGREEMENTS AND THE PROPOSED RIGHTS ISSUE

Easyknit Enterprises

The S&P Agreement

The EE Group is principally engaged in property investment, garment sourcing and export businesses, investment in securities and loan financing. The EE Group has been continuously seeking opportunities to acquire properties in good location and has also been exploring other investment opportunities. Given the location and amount of the rental income of the Properties Group which is in line with the EE Group's overall business strategy, the Directors

are of the view that the terms of the S & P Agreements are fair and reasonable, on normal commercial terms and in the interests of the EE Shareholders as a whole.

Rights Issue

(1) Subscription Price

The price and other terms were determined after a consideration by the EE Directors of various matters such as market conditions and the need to attract EE Shareholders, and after arm's length commercial negotiations with the Underwriter.

(2) Dilution Impact

The dilution impact of the Rights Issue to the existing EE Shareholders if they elect not to participate in the Rights Issue is 95.24%, that is to say that if they elect not to participate in the rights issue the percentage of the issued EE Shares represented by their respective holdings will fall by 95.24%. The detailed accumulative dilution effect of fund raising activities in the past 24 months for EE Shareholders who did not participate in those activities is in Appendix 3 of this announcement .

(3) Other alternatives of fund raising activities

Easyknit Enterprises considered other fund raising activities as alternatives to the Rights Issue, including a sale of assets but there are no assets held by the EE Group that the EE Board considers it appropriate to liquidate for the purpose. A placing was also considered, but placings by their nature dilute the interests of EE Shareholders and the EE Board does not consider that to be an attractive alternative at present. Debt financing was a thirds alternative considered by the EE Directors, but that will incur interest costs for Easyknit Enterprises and increase its gearing and it is not favourable to Easyknit Enterprises and its shareholders.

No negotiations were held with prospective counterparties to any of these possible fund raising alternatives because they were unattractive, for reasons mentioned above. Specifically, at the date of this announcement, Easyknit Enterprises does not have facilities in place to renew or replace the loan to be repaid and has not negotiated with the lender for renewal of the bank loan or approached other banks for a new loan because Easyknit Enterprises at present considers equity financing to be preferable to debt financing.

As at the date of this announcement, EE Group has unaudited cash and cash equivalents of approximately HK\$327 million, of which HK\$62 million is tied up in the PRC as investment capital which is not practicable to be transferred back to Hong Kong. Of the HK\$265 million balance, approximately HK\$259 million has been earmarked for the redevelopment of the Inverness Road Project, leaving funds of approximately HK\$6 million.

EE Board assessed the above current cash position, the Company's gearing ratio of 0.15, market borrowing rates and market interest rates and then determined that repayment of the bank loan with funds raised by the Rights Issue is in the interest of Easyknit Enterprises.

(4) Financial Position of Easyknit Enterprises

Upon the repayment of the bank loan of HK\$139 million, Easyknit Enterprises will still have outstanding a mortgage loan of HK\$153 million.

After application of the net proceeds to the acquisition of the Properties Group and repayment of the bank loan, approximately HK\$126 million of the net proceeds will remain unused.

Property investment in particular is capital-intensive and although at the present time, Easyknit Enterprises has sufficient funds to attend the 1st and 2nd Phase of the redevelopment of Inverness Road Project (ie. till mid-2016), EE Board considers it is appropriate to have material cash on hand to finance investment projects as and when opportunities arise.

At the date of this announcement, the Company has not identified any investment project or is currently in negotiations for any.

Over the past year, Easyknit Enterprises conducted various equity fund-raising exercises for acquisitions and related redevelopment in respect of the Matheson Street Project. Details of these fund-raising exercises are set out in the section headed “Fund-raising activities of Easyknit Enterprises for the past 24 months” in this announcement. There has been no change in the proposed use of the unutilised proceeds from those fund raising activities previously ear-marked by Easyknit Enterprises for the Matheson Street Project. Easyknit Enterprises is therefore raising new funds to complete the purchase of the Properties Group.

As at the date of this announcement, EE Board considers that Easyknit Enterprises has sufficient funds to maintain its daily operations for the next 12 months (but this does not include new investment opportunities that may be occurred, which may need to be financed by new equity financing and/or bank or other financing if and when they arise).

(5) Benefits of the Acquisition

EE Board thinks the acquisition of the Properties Group will benefit Easyknit Enterprises and its shareholders because a typical property development project takes at least 3 years to complete and the acquisition cost and development cost for a similar asset likely to be much more than HK\$240 million.

In view of the fact that by paying HK\$240 million, Easyknit Enterprises will acquire 11 units and can generate immediate revenue, the acquisition will facilitate Easyknit Enterprises acquire additional stable income. Furthermore, 2 units have the potential to be redeveloped and this will be a “value-added” to Easyknit Enterprises. If a buyer acquires it for redevelopment purpose then a premium will be reflected. It is in the interest of Easyknit Enterprises and its shareholders.

(6) Proposed use of proceeds of Rights Issue

The Rights Issue is proposed with a view to provide further funding for the EE Group’s business development and expansion and assisting with the EE Group’s repayment of financial indebtedness. The net proceeds to be raised from the Rights Issue, being approximately HK\$505 million are intended to be applied as follows:

- (a) approximately HK\$240 million will be utilised to purchase the Sale Share(s) of the Properties Group for its property investment business;

(b) approximately HK\$139 million will be utilised for the repayment of bank borrowings and interests of the EE Group;

- The Board is of the view that utilising the net proceeds from the Rights Issue to settle the outstanding bank loans of the EE Group is beneficial to the EE Group and the Shareholders as a whole as it reduces the EE Group's debt level and finance costs, enabling the Group to further deleverage and strengthen its equity base.

This is particularly important in light of the nature of the EE Group's primary business as a property developer. As the process of obtaining equity financing takes time, the EE Board is of the view that now is the appropriate moment for the EE Group to tap into the capital market to reduce its debt level and enhance its capital base, thereby placing the EE Group in a stronger financial position to participate in or tender for any attractive property development projects as and when such opportunities arise, which will often require sufficient cash and financing resources to be deployed at short notice.

(c) approximately HK\$70 million will be utilised for the investment of listed securities segment and loan financing business segment;

- with reference to the Easyknit Enterprises' transaction in May 2015 for providing a loan of HK\$70 million to an independent third party which was secured by a share charge and a guarantee, the EE Board believes it could potentially diversify the Group's asset base and broaden its business scope to enhance the Group's long term growth prospects. EE Group continues to explore potential investment opportunities to deliver benefits to the EE Shareholders by strengthening these 2 business segments.

(d) approximately HK\$30 million will be utilised for being deposit to acquire the Matheson Remaining Unit or potential investments by the EE Group;

- the EE Board is of the view that to earmark this amount as part of the deposit for the acquisition of the Matheson Remaining Unit as no contracts have been exchanged for acquisition. Recently, the retail property prices in Causeway Bay have gone down, Easyknit Enterprises made an offer of acquisition to that property owner and started the preliminary stage of negotiation with the owner. It is difficult for the EE Group to predict with certainty the precise time horizon for when the Matheson Remaining Unit and other property investment opportunity may materialise into a binding commitment or transaction (if at all) which would in the EE Board's view, be in the interests of Easyknit Enterprises and EE Shareholders as a whole, since the EE Group principally engages in the business of property development and property investment, it is prudent and appropriate for the EE Group to maintain a sufficient bank and cash balance as well as standby financing resources from time to time, which include the funds to be raised from the Rights Issue, in order to grasp the opportunities to acquire favourable investment properties.

(e) the remaining balance of approximately HK\$26 million will be utilised for general working capital of the EE Group.

Announcement(s) will be made by Easyknit Enterprises in accordance with the Listing Rules as and when necessary when there is a material change in the use of net proceeds from the Rights Issue.

The subscription moneys payable by Landmark Profits and Goodco to Easyknit Enterprises pursuant to the Undertakings will be set off against the remaining balance of HK\$240 million owed by Easyknit Enterprises to Easyknit International pursuant to the S&P Agreement(s). Landmarks Profits, Goodco, Easyknit International and Easyknit Enterprises have agreed to the set-off arrangements.

EE Board believes that the above is an appropriate allocation of funds.

(7) EE Directors' Opinion

The EE Directors confirmed that at the date of this announcement, except for the potential investment for the acquisition of Matheson Remaining Unit, Easyknit Enterprises has no other plan to acquire any investment property(ies) nor entering into any binding agreement in respect of any potential investments or property development projects.

The EE Directors are of the opinion that, after taking into consideration into account the acquisition of Properties Group and the present available financial resources, its expected internally generated funds and present available bank facilities of the EE Group, the Group will have sufficient working capital for the present requirements and for the period up to 12 months from the date of this announcement in the absence of unforeseen circumstances.

The EE Board considers that the Rights Issue will allow Easyknit Enterprises to raise funds without increasing its gearing and give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in Easyknit Enterprises. Hence, the EE Board considers that fund raising of this scale through the Rights Issue is in the best interests of Easyknit Enterprises and the EE Shareholders as a whole.

Having considered the above factors, the EE Directors, including the preliminary views of all non-executive directors of Easyknit Enterprises, are of the view that the S&P Agreement(s) and the proposed Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of Easyknit Enterprises and the EE Shareholders as a whole.

Easyknit International

The EI Group is principally engaged in property investment, property development, investment in securities and loan financing. The EI Group currently holds various commercial, industrial and residential properties in Hong Kong, Singapore and the PRC.

The net proceeds from the disposal of the Properties Group (after netting off the subscription moneys relating to the proposed Rights Issue) are estimated to be approximately HK\$239 million, which Easyknit International intends to apply to future investment opportunities and/or as other general working capital for the EI Group.

Having considered the above together with the Consideration, which was determined after arm's length negotiation between Easyknit Enterprises and the Vendor with reference to the preliminary valuations, the EI Directors are of the view that the S&P Agreement is fair and reasonable and in the interests of Easyknit International and the EI Shareholders as a whole.

The EI Directors consider (i) the Undertakings and (ii) the set-off arrangements among the Vendor, Landmark Profits, Goodco and Easyknit Enterprises to be fair and reasonable and believe that the subscription of the Rights Shares pursuant to the Undertakings is in the

interests of Easyknit International and the EI Shareholders as a whole, in particular, it allows Easyknit International to maintain its pro-rata shareholding in Easyknit Enterprises after the Rights Issue; and Easyknit Enterprises will be in a position to capture a business opportunity associated with its principal activities.

FUND RAISING ACTIVITIES OF EASYKNIT ENTERPRISES FOR THE PAST 24 MONTHS

The fund raising activities of Easyknit Enterprises during the past 24 months immediately before the date of this announcement are set out in Appendix 4.

LISTING RULES IMPLICATIONS

Easyknit Enterprises

As of the date of this announcement, Easyknit International, through Goodco and Landmark Profits, its wholly-owned subsidiaries, has indirect interests of approximately 40.96 % of the issued share capital of Easyknit Enterprises. As such, the purchase of the Properties Group constitutes a connected transaction under Chapter 14A of the Listing Rules on Stock Exchange. Further, as the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Consideration exceeds 100%, it also constitutes a major transaction of Easyknit Enterprises under Rule 14.08 of the Listing Rules. In view of the above, the S&P Agreements and transactions contemplated thereunder are subject to the reporting, announcement and Independent EE Shareholders' approval requirements under the Listing Rules.

The number of Rights Shares to be issued pursuant to the Rights Issue represents twenty times Easyknit Enterprises' issued share capital after the Capital Reorganisation and approximately 95.24% of Easyknit Enterprises' adjusted and enlarged issued share capital immediately following the Capital Reorganisation coming into effect and the completion of the Rights Issue. As the Rights Issue will increase the issued share capital of Easyknit Enterprises by more than 50.0%, the Rights Issue is subject to approval from Independent EE Shareholders at the SGM of Easyknit Enterprises, pursuant to Rule 7.19(6) (a) of the Listing Rules.

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

Independent Board Committee and independent financial adviser

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

Easyknit International

As the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Consideration exceeds 25% but is less than 75%, sale of the Target Company will constitute a major transaction of Easyknit International under Rule 14.08 of the Listing Rules. It is 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 the Company, written approvals of the Disposal have been obtained from Sea Rejoice Limited and Magical Profits Limited, the substantial shareholders of the Company with an aggregate interest in 46,609,144 Shares, representing approximately 58.69% of the issued share capital of Easyknit International as at the date of this announcement. Sea Rejoice Limited which holds 17,429,664 Shares, representing approximately 21.95% of the issued shares of the Company, is wholly-owned by Ms. Lui Yuk Chu, the vice president and executive director of the Company. Magical Profits Limited, which holds 29,179,480 Shares, representing approximately 36.74% of the issued shares of the Company is wholly-owned by The Winterbotham Trust Company Limited as the 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 the Company) 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.

To the best knowledge, information and belief of the EI Directors, having made all reasonable enquiries, no EI Shareholder has a material interest in the major disposal transaction of the Properties Group or should the aforesaid major transaction be put forward to the EI Shareholders for approval at a general meeting of Easyknit International be required to abstain from voting on the resolution(s) approving these transactions.

DESPATCH OF THE CIRCULARS

An EE Circular containing, inter alia: (i) further information of the proposed Capital Reorganisation, the S&P Agreement, the proposed Rights Issue and transactions contemplated thereunder; (ii) the valuation reports and the financial information of the Properties Group; (iii) a letter of recommendation from the Independent Board Committee in respect of the S&P Agreement, the proposed Rights Issue and transactions contemplated thereunder; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent EE Shareholders on the S&P Agreement(s), the proposed Rights Issue and transactions contemplated thereunder; and (v) a notice of the SGM, will be despatched to the EE Shareholders on or before 9 September 2015 as additional time is required to prepare the financial information.

An EI Circular containing, inter alia, further information of the S&P Agreement(s) and transactions contemplated thereunder; and (ii) the valuation reports, will be despatched to the EI Shareholders on or before 9 September 2015 as additional time is required to prepare the financial information.

DEFINITIONS

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

“2014 Convertible Note”	the 2% per annum coupon rate convertible note issued by Easyknit Enterprises on 27 March 2015 in the aggregate principal amount of HK\$100,000,000 conferring rights to convert EE Shares on the basis of the prevailing conversion price of HK\$10.65 per EE Share, of which HK\$80,000,000 has already been converted
“2015 Convertible Note”	the 2% per annum coupon rate convertible note issued by Easyknit Enterprises on 12 June 2015 in the aggregate principal amount of HK\$86,000,000 conferring rights to convert EE Shares on the basis of an initial conversion price of HK\$0.85 per EE Share
“Acceptance Time” or “Latest Time for Acceptance of a payment for the Rights Issue”	4:00 p.m. on Wednesday, 28 October 2015 (or such other time or date as the Underwriter may agree in writing with Easyknit Enterprises as the latest date of acceptance of, and payment of, Rights Shares)
“Adjusted Share(s)”	ordinary share(s) of par value HK\$0.01 each in the share capital of Easyknit Enterprises upon the Capital Reorganisation becoming effective
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Authorised Capital Increase”	the proposed increase of authorised share capital of Easyknit Enterprises from HK\$20,000,000 divided into 2,000,000,000 Adjusted Shares to HK\$200,000,000 divided into 20,000,000,000 Adjusted Shares
“Business Day(s)”	a day (other than a Saturday and Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon) on which banks are open for business in Hong Kong
“BVI”	the British Virgin Islands
“Capital Reduction”	the proposed (i) reduction of the issued share capital of Easyknit Enterprises by the cancellation of the paid-up capital of Easyknit Enterprises to the extent of HK\$0.09 on each of the then issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.10 to HK\$0.01; (ii) reduction of the authorised share capital of Easyknit Enterprises by reducing the par value of all Consolidated Shares in the authorised

	share capital of Easyknit Enterprises from HK\$0.10 each to HK\$0.01 each resulting in the reduction of the authorised share capital of Easyknit Enterprises from HK\$200,000,000 divided into 2,000,000,000 Consolidated Shares to HK\$20,000,000 divided into 2,000,000,000 Adjusted Shares; and (iii) the credit amount arising from the reduction of the issued share capital of Easyknit Enterprises be transferred to the contributed surplus account of Easyknit Enterprises
“Capital Reorganisation”	the proposed capital reorganisation of Easyknit Enterprises involving the Share Consolidation, the Capital Reduction and the Authorised Capital Increase
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular(s)” or “EE Circular” or “EI Circular”	the respective circulars of Easyknit Enterprises and Easyknit International containing amongst other things, further information for the S&P Agreement, the proposed Capital Reorganisation, the proposed Rights Issue and transactions contemplated thereunder
“Completion”	the completion of the S&P Agreement and the Rights Issue, as the context may require
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration of the sale and purchase of the Properties Group
“Consolidated Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of Easyknit Enterprises upon the Share Consolidation becoming effective
“EAF(s)”	the excess application form(s) to be issued in connection with the Rights Issue
“Easyknit Enterprises”	Easyknit Enterprises Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“EE Board” or “Easyknit Enterprises Board”	the board of EE Directors
“EE Director(s)”	director(s) of Easyknit Enterprises
“EE Group”	Easyknit Enterprises and its subsidiaries
“EE Shareholder(s)”	holder(s) of EE Share(s)

“EE Shares” or “Existing Shares”	ordinary share(s) of par value HK\$0.01 each in the capital of Easyknit Enterprises before the Capital Reorganisation becoming effective, unless otherwise stated
“Easyknit International”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of Stock Exchange
“EI Board” or “Easyknit International Board”	the board of EI Directors
“EI Director(s)”	director(s) of Easyknit International
“EI Group”	Easyknit International and its subsidiaries
“EI Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of Easyknit International
“EI Shareholder(s)”	holder(s) of EI Share(s)
“GT Property”	an industrial unit situate at 6/F., No. 650-652 Castle Peak Road, & 18A Wing Hong Street, Cheung Sha Wan with a floor area of approximately 3,600 sq.ft.
“Goodco”	Goodco Development Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of Easyknit International, being a substantial shareholder of Easyknit Enterprises
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the EE Board, comprising of Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Foo Tak Ching, being all the independent non-executive EE Directors, established for the purpose of, among other things, advising the Independent EE Shareholders in respect of the S&P Agreement(s), the proposed Rights Issue and transactions contemplated thereunder

“Independent EE Shareholders”	the EE Shareholder(s), other than (i) Easyknit International, Landmark Profits and Goodco and their respective associates; (ii) those who are connected, interested or involved in the sale and purchase of the Target Company and the proposed Rights Issue; and (iii) those who are required to abstain from voting at the SGM of Easyknit Enterprises to be convened to approve the S&P Agreement(s), the proposed Rights Issue and matters relating thereunder
“Inverness Road Project”	the residential project of Nos. 14, 16, 18 and 20 Inverness Road, Kowloon, Hong Kong with a total registered site area of 17,637 sq.ft.
“Janson Property”	an industrial unit situate at 2/F., No. 790, 792 & 794 Cheung Sha Wan Road, Cheung Sha Wan, with a floor area of approximately 3,600 square feet
“Landmark Profits”	Landmark Profits Limited, a company incorporated in the BVI with limited liability, and a wholly-owned subsidiary of Easyknit International, being a substantial shareholder of Easyknit Enterprises
“Last Trading Day”	5 August 2015, being a Business Day prior to the entering into the Underwriting Agreement
“Latest Time for Termination of the Underwriting Agreement”	4:00 p.m. on Monday, 2 November 2015, or such other time as may be agreed between Easyknit Enterprises and the Underwriter
“Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange
“Matheson Remaining Unit”	ground floor of No. 11 Matheson Street, Causeway Bay, Hong Kong
“Matheson Street Properties”	10 property units situated at 1st floor, 2nd floor, 3rd floor, 4th floor, 5th floor and roof of Nos. 11 and 13 Matheson Street, Causeway Bay, Hong Kong
“Matheson Street Project”	the redevelopment project of Nos. 11, 13 and 15 of Matheson Street, Causeway Bay, Hong Kong
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) (if any) in respect of whom the EE Directors, based on legal opinions to be provided by legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place

“Overseas Shareholder(s)”	shareholder(s) whose name(s) appear on the register of members of Easyknit Enterprises at the close of business on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong or Bermuda
“PAL(s)”	the provisional allotment letter(s) for the Rights Issue
“Posting Date”	Tuesday, 13 October 2015 or such other day as may be agreed between Easyknit Enterprises and the Underwriter, being the date of despatch of the Prospectus Documents
“PRC”	the People’s Republic of China
“Properties Group”	a total of 11 units - Singapore Properties, ST Properties, GT Property and Janson Property,
“Prospectus”	the prospectus to be issued by Easyknit Enterprises in relation to the Rights Issue
“Prospectus Documents	the Prospectus, the PAL(s) and the EAF(s)
“Purchaser(s)”	the purchaser(s) of the S & P Agreement(s): (a) Easyknit Enterprises (b) Power Bright Investments Limited (c) New Pursuit Limited (d) Fresh Smart Investments Limited
“Qualifying Shareholder(s)”	EE Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear on the register of members of Easyknit Enterprises at the close of business on the Record Date
“Record Date”	Monday, 12 October 2015 or such other date as the Underwriter may agree in writing with Easyknit Enterprises as the date by reference to which entitlements to the Rights Issue are expected to be determined
“Rights Issue”	the proposed issue of the Rights Shares by way of rights to the Qualifying Shareholders for subscription on the terms to set out in the Prospectus Documents and summarised herein
“Rights Share(s)”	1,063,437,920 Adjusted Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of 8 Rights Shares for every one Adjusted Share held at the Record Date pursuant to the Rights Issue

“S&P Agreement(s)”	4 sets of sale and purchase agreements dated 6 August 2015 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Share(s) of the Target Company (ies)
“Sale Share(s)”	entire issued shares of each of the Target Company
“Settlement Date”	Monday, 2 November 2015, being the third Business Day following the Acceptance Date or such later date as Easyknit Enterprises and the Underwriter may agree
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting of Easyknit Enterprises to be convened and held to consider and approve, among other things, the S&P Agreements, the proposed Capital Reorganisation and the proposed Rights Issue
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Existing Shares into one (1) Consolidated Share
“Singapore Properties”	the 3 residential units in Singapore with a total floor areas of 268 square metres, namely: (a) #04-03 Ardmore Park, Singapore 259959 (b) #06-04 Ardmore Park, Singapore 259959 (c) #18-02 Ardmore Park, Singapore 259959
“sq. ft.”	square foot/feet
“ST Properties”	6 properties in Hong Kong of which 3 units are residential and 3 for industrial: (a) House 9, Villa Castell, No. Yau King Lane, Tai Po with a floor area of approximately 2,358 sq.ft. (b) Unit 1 & 2, 7/F., Block D and Car Parking Space No. 46 on Lower G/F., Shatin Heights, No. 8003 Tai Po Road, Shatin with a floor area of 2,408 sq.ft (c) 3rd floor, No. 161 Wong Nai Chung Road with a floor area of 780 sq.ft. (d) Workshop Space B, 1/F., Fung Wah Factory Building, Nos 646, 648, 648A Castle Peak Road with a floor area of 1,920 sq.ft. (e) roof floor, No. 20 Wing Hong Street with a floor area of 3,402 sq.ft. (f) 5th floor, No. 20 Wing Hong Street with a floor area of 2,910 sq.ft.

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.48 per Rights Share
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Target Company(ies)”	the subsidiaries of Easyknit International: (a) Grow Well Profits Limited (b) Supertop Investment Limited (c) Golden Top Properties Limited (d) Janson Properties Limited (e) Goldchamp International Limited
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs
“Undertakings”	the conditional irrevocable undertakings dated 6 August 2015 from Landmark Profits and Goodco to Easyknit Enterprises and the Underwriter as described in the section headed “Undertakings” in this announcement
“Underwriter”	Get Nice Securities Limited, a licensed corporation to carry out business in Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement, dated 6 August 2015, entered into between Easyknit Enterprises and the Underwriter in relation to the underwriting and certain arrangements in respect of the Rights Issue
“Underwritten Shares”	627,884,880 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
“Vendor”	Easyknit Properties Holdings Limited, a wholly-owned subsidiary of Easyknit International, a company incorporated in the BVI with limited liability
“%”	percentage

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

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

Hong Kong, 6 August 2015

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

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

Scenario 1 : No exercise of the outstanding 2014 Convertible Note and 2015 Convertible Note

	As at the date of this announcement		Immediately after the Capital Reorganisation but before the Completion		Immediately after the Completion (all Rights Shares are subscribed by the Qualifying Shareholders)		Immediately after the Completion (only Landmark Profits and Goodco have subscribed the Rights Shares)	
	No. of Existing Shares	%	No. of Existing Shares	%	No. of Existing Shares	%	No. of Existing Shares	%
Landmark Profits	44,547,384	8.38	4,454,738	8.38	93,549,498	8.38	93,549,498	8.38
Goodco								
- EE Shares	173,229,147	32.58	17,322,914	32.58	363,781,194	32.58	363,781,194	32.58
Sub-total	217,776,531	40.96	21,777,652	40.96	457,330,692	40.96	457,330,692	40.96
Public								
- Underwriter	-	-	-	-	-	-	627,884,900	56.23
- Other public shareholders	313,942,440	59.04	31,394,245 *	59.04	659,279,145	59.04	31,394,245	2.81
Total	531,718,971	100.00	53,171,897	100.00	1,116,609,837	100.00	1,116,609,837	100.00
* including fractions of 1 Rights Shares								

Scenario 2 : Full exercise of the outstanding 2014 Convertible Note and 2015 Convertible Note

	As at the date of announcement		Immediately after the Capital Reorganisation but before the Completion		Immediately after the Completion (all Rights Shares are subscribed by the Qualifying Shareholders)		Immediately after the Completion (only Landmark Profits and Goodco have subscribed the Rights Shares)	
	No. of Existing Shares	%	No. of Existing Shares	%	No. of Existing Shares	%	No. of Existing Shares	%
Landmark Profits	44,547,384	6.07	4,454,738	6.07	93,549,498	6.07	93,549,498	6.07
Goodco								
- EE Shares	173,229,147	23.60	17,322,914	23.60	363,781,194	23.60	363,781,194	23.60
- Ordinary EE shares converted from 2014 Convertible Note	101,176,470	13.78	10,117,647	13.78	212,470,587	13.78	212,470,587	13.78
Sub-total	318,953,001	43.45	31,895,299	43.45	669,801,279	43.45	669,801,279	43.45
Public								
- Holder of 2015 Convertible Note	101,176,470	13.78	10,117,647	13.78	212,470,587	13.78	212,470,587	13.78
- Underwriter	-	-	-	-	-	-	627,884,900	40.73
- Other public shareholders	313,942,440	42.77	31,394,245 *	42.77	659,279,145	42.77	31,394,245	2.04
Total	734,071,911	100.00	73,407,191	100.00	1,541,551,011	100.00	1,541,551,011	100.00
* including fractions of 1 Rights Shares								

ACCUMULATIVE DILUTION EFFECT OF THE FUND RAISING ACTIVITIES OF EASYKNIT ENTERPRISES

The table below sets out the accumulative dilution effects of the fund raising activities taking into account of the fund raising activities of Easyknit Enterprises in the past 24 months, including the proposed Share Consolidation and the proposed Rights Issue.

Accumulative dilution effect on the completion of fund raising activities of the Company

		No. of shares		No. of shares		No. of shares		No. of shares		No. of shares		No. of shares		No. of shares	
		before		upon completion of		upon share consolidation		upon completion of		upon issuing conversion shares		upon completion of		upon completion of	
		P1	%	P1	%	11/2013	%	R1	%	C1	%	P2	%	P3	%
Landmark Profits		314,267,376	19.072	314,267,376	15.89	7,856,684	15.89	7,856,684	2.65	7,856,684	2.41	7,856,684	2.01	7,856,684	1.67
rights shares	R1							39,283,420	13.24	39,283,420	12.05	39,283,420	10.04	39,283,420	8.37
rights shares	R2														
rights shares	R3														
rights shares	current														
Goodco		402,943,824	24.454	402,943,824	20.38	10,073,595	20.38	10,073,595	3.40	10,073,595	3.09	10,073,595	2.57	10,073,595	2.15
rights shares	R1							50,367,975	16.98	50,367,975	15.45	50,367,975	12.87	50,367,975	10.73
CB shares	C1									29,411,764	9.02	29,411,764	7.52	29,411,764	6.27
rights shares	R2														
rights shares	R3														
rights shares	current														
Public		930,554,800	56.474	930,554,800	47.06	23,263,871	47.06	23,263,871	7.84	23,263,871	7.14	23,263,871	5.95	23,263,871	4.96
placing	P1			329,540,000	16.67	8,238,500	16.67	8,238,500	2.78	8,238,500	2.53	8,238,500	2.11	8,238,500	1.76
rights shares	R1							157,511,855	53.11	157,511,855	48.32	157,511,855	40.26	157,511,855	33.57
placing	P2											65,200,000	16.67	65,200,000	13.90
placing	P3													78,000,000	16.62
rights shares	R2														
rights shares	R3														
rights shares	current														
Total		1,647,766,000	100.000	1,977,306,000	100.00	49,432,650	100.00	296,595,900	100.00	326,007,664	100.00	391,207,664	100.00	469,207,664	100.00
Remaining value of the existing shares after accumulative dilution effect					83.33		83.33		13.89		12.64		10.53		8.78

Note: For the description of the fund raising activities of C1, P1, P2, P3, R1, R2 and R3, please refer to the Appendix 4 of this announcement.

ACCUMULATIVE DILUTION EFFECT OF THE FUND RAISING ACTIVITIES OF EASYKNIT ENTERPRISES (continued)

The table below sets out the accumulative dilution effects of the fund raising activities taking into account of the fund raising activities of Easyknit Enterprises in the past 24 months, including the proposed Share Consolidation and the proposed Rights Issue.

Accumulative dilution effect on the completion of fund raising activities of the Company

		No. of shares		No. of shares		No. of shares		No. of shares		No. of shares		No. of shares			
		upon issuing		upon		upon		upon		upon		upon			
		conversion shares	%	share consolidation	%	completion of	%	share consolidation	%	completion of	%	share consolidation	%	rights issue	%
		C1		10/2014		R2		11/2014		R3		current		current	
Landmark Profits		7,856,684	1.40	785,668	1.40	785,668	0.16	39,283	0.16	39,283	0.01	3,928	0.01	3,928	0.00
rights shares	R1	39,283,420	6.98	3,928,342	6.98	3,928,342	0.78	196,417	0.78	196,417	0.04	19,642	0.04	19,642	0.00
rights shares	R2					37,712,080	7.45	1,885,604	7.45	1,885,604	0.35	188,560	0.35	188,560	0.02
rights shares	R3									42,426,080	7.98	4,242,608	7.98	4,242,608	0.38
rights shares	current													89,094,760	7.98
Goodco		10,073,595	1.79	1,007,360	1.79	1,007,360	0.20	50,368	0.20	50,368	0.01	5,036	0.01	5,036	0.00
rights shares	R1	50,367,975	8.95	5,036,797	8.95	5,036,797	0.99	251,840	0.99	251,840	0.05	25,184	0.05	25,184	0.00
CB shares	C1	122,869,707	21.84	12,286,970	21.84	12,286,970	2.43	614,348	2.43	614,348	0.12	61,435	0.12	61,435	0.01
rights shares	R2					146,649,016	28.96	7,332,451	28.96	7,332,451	1.38	733,245	1.38	733,245	0.07
rights shares	R3									164,980,140	31.03	16,498,014	31.03	16,498,014	1.48
rights shares	current													346,458,280	31.03
Public		23,263,871	4.13	2,326,387	4.13	2,326,387	0.46	116,319	0.46	116,319	0.02	11,632	0.02	11,632	0.00
placing	P1	8,238,500	1.46	823,850	1.46	823,850	0.16	41,193	0.16	41,193	0.01	4,119	0.01	4,119	0.00
rights shares	R1	157,511,855	27.99	15,751,185	27.99	15,751,185	3.11	787,559	3.11	787,559	0.15	78,756	0.15	78,756	0.01
placing	P2	65,200,000	11.59	6,520,000	11.59	6,520,000	1.29	326,000	1.29	326,000	0.06	32,600	0.06	32,600	0.00
placing	P3	78,000,000	13.86	7,800,000	13.86	7,800,000	1.54	390,000	1.54	390,000	0.07	39,000	0.07	39,000	0.00
rights shares	R2					265,771,376	52.48	13,288,569	52.48	13,288,569	2.50	1,328,857	2.50	1,328,857	0.12
rights shares	R3									298,992,800	56.23	29,899,281	56.23	29,899,281	2.68
rights shares	current													627,884,900	56.23
														-	
Total		562,665,607	100.00	56,266,559	100.00	506,399,031	100.00	25,319,951	100.00	531,718,971	100.00	53,171,897	100.00	1,116,609,837	100.00
Remaining value of the existing shares after accumulative dilution effect			7.32		7.32		0.81		0.81		0.04		0.04		0.00

Note: For the description of the fund raising activities of C1, P1, P2, P3, R1, R2 and R3, please refer to the Appendix 4 of this announcement.

FUND RAISING ACTIVITIES OF EASYKNIT ENTERPRISES FOR THE PAST 24 MONTHS

The following table sets out the fund raising activities of the Company during the past 24 months immediately before the date of this announcement.

	Date	Event	Net Proceeds (HK\$)	Intended use of net proceeds	Actual use of net proceeds (HK\$)
P1	11 September 2013	Placing of 329,553,200 new EE Shares under general mandate	20 million	For general working capital	Fully applied for the settlement of trade payable
R1	3 October 2013	Rights issue of 247,163,250 new EE Shares	146 million	For general working capital	Fully applied for: (a) 102 million for the acquisition of the Matheson Street Project (b) 44 million for the settlement of trade payable
C1	16 January 2014	Issue of 2014 Convertible Note with an aggregate principal amount of HK\$100 million	98.7 million	For the acquisition and redevelopment of the Matheson Street Project	Fully applied for the acquisition of the Matheson Street Project
P2	6 June 2014	Placing of 65,200,000 new EE Shares under general mandate	22.5 million	For general working capital	Fully applied for the settlement of trade payable
P3	11 August 2014	Placing of 78,000,000 new EE Shares under general Mandate	23.1 million	For general working capital	Fully applied for the settlement of trade payable

FUND RAISING ACTIVITIES OF EASYKNIT ENTERPRISES FOR THE PAST 24 MONTHS *(continued)*

The following table sets out the fund raising activities of the Company during the past 24 months immediately before the date of this announcement.

	Date	Event	Net Proceeds (HK\$)	Intended use of net proceeds	Actual use of net proceeds (HK\$)
R2	5 September 2014	Rights issue of 450,132,472 new EE Shares	312.0 million	For the acquisition of the Inverness Road Property	Fully applied for the acquisition of the Inverness Road Properties
R3	2 March 2015	Rights issue of 506,399,020 new EE Shares	326.0 million	(a) HK\$260 million for redevelopment cost of the Inverness Road Project (b) HK\$66 million for general corporate purposes	(a) Applied 1.2 million as the development cost of Inverness Road Project Balance of 258.8 million to be applied as intended (b) Fully applied for loan financing business
C2	29 May 2015	Issue of 2015 Convertible Note with an aggregate principal amount of HK\$86 million	85.9 million	For general working capital	Fully applied for (a) 25.7 million acquired the Matheson Street Properties (b) 55.9 million for investment of securities business (c) 4.3 million for the settlement of trade payable