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EASYKNIT ENTERPRISES HOLDINGS LIMITED

永義實業集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 0616)

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO SHARES HELD ON RECORD DATE

Underwriter



KINGSTON SECURITIES LTD.

PROPOSED RIGHTS ISSUE

The Company proposes to raise approximately HK\$29.4 million before expenses, by way of the Rights Issue of 381,428,337 Rights Shares at a price of HK\$0.077 per Rights Share. The Company plans to use the proceeds from the Rights Issue for property investment and general working capital of the Group.

The Rights Issue will be fully underwritten by the Underwriter, on the terms and subject to the conditions set out in the Underwriting Agreement. Further details of the underwriting arrangement are set out in the paragraph headed "Underwriting Agreement for the Rights Issue" in the announcement.

The Rights Issue is available only to the Qualifying Shareholders on the basis of the provisional allotment of one (1) Rights Share for every two (2) Shares in issue and held on Record Date.

The total number of 381,428,337 Rights Shares to be issued represents 50% of the existing issued share capital of the Company and approximately 33.33% of the enlarged issued share capital of the Company immediately upon completion of the Rights Issue.

The Record Date is Monday, 10 September 2012. The last day of dealings in the Shares on cum-rights basis is Monday, 3 September 2012. The Shares will be dealt in on ex-rights basis from Tuesday, 4 September 2012. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and must not be a Non-Qualifying Shareholder.

** For identification only*

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

The Shares will be dealt in on an ex-rights basis from Tuesday, 4 September 2012. Dealing in the Right Shares in the nil-paid form will take place from Thursday, 13 September 2012 to Thursday, 20 September 2012 (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 Shareholders or other persons dealing in 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, 13 September 2012 to Thursday, 20 September 2012 (both dates inclusive) will bear the risk that the Rights Issue may not become unconditional and may not proceed. If in any doubt, investors are recommended to consult their professional advisers.

LISTING RULES IMPLICATIONS

The Rights Issue is not subject to Shareholders' approval under the Listing Rules. The Rights Issue will be carried out in compliance with Rule 7.21(1) of the Listing Rules. The Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders and, for information only, the Prospectus will be despatched to the Non-Qualifying Shareholders (if any) on or about 11 September 2012. Application will be made 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.

PROPOSED RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) Shares held on the Record Date
Number of Shares in issue at the date of this announcement	:	762,856,675 Shares
Number of Rights Shares	:	381,428,337 Shares
Subscription Price	:	HK\$0.077 per Rights Share
Enlarged issued share capital of the Company immediately upon completion of the Rights Issue	:	1,144,285,012 Shares
Fund raised before expenses	:	HK\$29,369,982
Underwriter	:	Kingston Securities Limited

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

Basis of provisional allotment

The basis of the provisional allotment will be one (1) Rights Share for every two (2) Shares in issue and held on the Record Date at the Subscription Price.

Subscription Price

The Subscription Price for the Rights Shares is HK\$0.077 per Rights Share, payable in full when a Qualifying Shareholder accepts the provisional 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:

- (a) the closing price of HK\$0.077 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 8.3% to the average closing price of HK\$0.084 per Share for the 5 consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 16.3% to the average closing price of HK\$0.092 per Share for the 10 consecutive trading days up to and including the Last Trading Day; and
- (d) the theoretical ex-rights price of HK\$0.077 per Share based on the closing price of HK\$0.077 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was determined based on arm's length negotiations between the Company and the Underwriter with reference to the recent closing prices of the Shares, the financial conditions of the Company and current market conditions. The Directors (including the independent non-executive Directors) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the 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 pari passu in all respects with the Shares then in issue, including as to the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares. Dealings in the Rights Shares will be subject to payment of stamp duty in Hong Kong,

Fractional entitlements to the Rights Shares

The Company 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 the Company. 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 the Company and not be a Non-Qualifying Shareholder at the close of business on the Record Date. However, Overseas Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date whom the 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.

The Company is in the process of considering the rights of the Overseas Shareholders and the arrangements in respect of the Rights Issue for them, including whether it is feasible to extend the Rights Issue to such Shareholders.

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

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

In order to be registered as members of the Company at the close of business on the Record Date, beneficial owners must lodge any transfers of Shares (together with the relevant share certificates) with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on Wednesday, 5 September 2012.

The Company will send the Prospectus Documents to the Qualifying Shareholders only.

Non-Qualifying Shareholders

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

Closure of register of members

The register of members of the Company will be closed from Thursday, 6 September 2012 to Monday, 10 September 2012 (both dates inclusive). No transfers of Shares will be registered during this period.

Application for excess Rights Shares

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

Applications for excess Rights Shares can be made only by completing an EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for. The 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 Shares held by a nominee should note that the nominee is a single Shareholder for the purposes of the Rights Issue. Accordingly, investors whose Shares are registered in the names of nominees should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended to beneficial owners individually.

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

Investors whose Shares are held by nominee(s) and would like to have their names registered on the register of members of the Company, must lodge all necessary document with the branch share registrar of the Company in Hong Kong for completion of the relevant registration by 4:00 p.m. on Wednesday, 5 September 2012.

The latest time for acceptance of Rights Shares will be 4:00 p.m. on Tuesday, 25 September 2012, or such later date or time as may be agreed between the Company and the Underwriter.

Application for listing

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

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be in board lots of 2,000. Dealings in the Rights Shares registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty in Hong Kong.

Share certificates and refund cheques for Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on or before Friday, 5 October 2012 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 Friday, 5 October 2012 by ordinary post to the applicants at their own risk.

Conditions of the Rights Issue

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

- (i) the registration by and filing with the Registrar of Companies in Hong Kong and Bermuda of the Prospectus Documents;
- (ii) the posting of copies of the Prospectus Documents to the Qualifying Shareholders on the Posting Date;
- (iii) compliance with and performance by the Company of certain undertakings and obligations under the terms of the Underwriting Agreement;
- (iv) 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;
- (v) if required, the Bermuda Monetary Authority granting its consent to the issue of Rights Shares;
- (vi) the Shares remaining listed on the Stock Exchange at all times prior to the Settlement Date and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 5 trading days; and
- (vii) delivery by the Company to the Underwriter of irrevocable undertakings by Landmark Profits and Goodco to accept their respective entitlement under the Rights Issue and fulfillment 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) and (iii) 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 (iv), (v) and (vi) above have not been satisfied/or waived (other than conditions (iv) and (v) above which cannot be waived in whole or part by the Underwriter) on or before 4:00 p.m. on the Settlement Date), (or, in each case, such later date as the Underwriter and the Company 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 the Company) 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.

UNDERWRITING AGREEMENT FOR THE RIGHTS ISSUE

Undertakings

As at the date of this announcement, Easyknit International, through Landmark Profits and Goodco, is interested in 398,450,671 Shares, representing approximately 52.23% of the total issued share capital of the Company. Each of Landmark Profits and Goodco has irrevocably undertaken to the Company and the Underwriter that the 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 Shares will be taken up in full, representing a total of 199,225,335 Rights Shares. Landmark Profits and Goodco will not apply for any excess Rights Shares.

Underwriting Agreement

Date	:	15 August 2012
Underwriter	:	Kingston Securities Limited
Number of Rights Shares being underwritten by the Underwriter	:	All Rights Shares which are not subject to the Undertakings, being 182,203,002 Rights Shares
Commission	:	1% of the aggregate Subscription Price of the 182,203,002 Underwritten Shares as determined on the Record Date, out of which the Underwriter will or may pay any sub-underwriting fee

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company. As at the date of this announcement, the Underwriter is interested in 350 Shares.

The commission rate was determined after arm's length negotiations between the Company and the Underwriter by reference to the size of the Rights Issue, and the current and expected market conditions. The Board considers that the terms of the Underwriting Agreement, including the commission rate, are fair and reasonable as far as the Company and the 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 the Company at any time prior to 4:00 p.m. on the Settlement Date if:

- (1) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) 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 Group as a whole or is materially adverse in the context of the Rights Issue; or

- (b) 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 Group as a whole; or
 - (c) 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 Group as a whole; or
- (2) 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
- (3) the Prospectus when published contains information (either as to business prospects or the condition of the 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 the Company and which may in the absolute opinion of the Underwriter be material to the 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 the Company 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 the Company 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 SHARES AND THE NIL-PAID RIGHTS SHARES

The Shares will be dealt in on an ex-rights basis from Tuesday, 4 September 2012. Dealings in the Rights Shares in the nil-paid form will take place from Thursday, 13 September 2012 to Thursday, 20 September 2012 (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 Shareholders or other persons dealing in 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, 13 September 2012 to Thursday, 20 September 2012 (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 for the Rights Issue is set out below:

	2012 (Hong Kong time)
Last day of dealings in Shares on a cum-rights basis	Monday, 3 September
First day of dealings in Shares on an ex-rights basis	Tuesday, 4 September
Latest time for lodging transfers of Shares in order to qualify for Rights Issue	By 4:00 p.m. Wednesday, 5 September
Register of members closes	Thursday, 6 September to Monday, 10 September (both dates inclusive)
Record Date	Monday, 10 September
Register of members re-opens	Tuesday, 11 September
Despatch of Prospectus Documents	Tuesday, 11 September
First day of dealings in nil-paid Rights Shares	Thursday, 13 September
Latest time for splitting of nil-paid Rights Shares	By 4:00 p.m. Monday, 17 September
Last day of dealings in nil-paid Rights Shares	Thursday, 20 September
Latest time for acceptance and payment for the Rights Issue and application and payment for excess Rights Shares	By 4:00 p.m. Tuesday, 25 September
Latest time for Rights Issue and Underwriting Agreement to become unconditional	By 4:00 p.m. Wednesday, 3 October
Announcement of results of acceptance and excess applications of the Rights Issue	Thursday, 4 October

Despatch of refund cheques for wholly and partially unsuccessful excess applications	Friday, 5 October
Despatch of certificates for fully-paid Rights Shares	Friday, 5 October
First day of dealings in fully-paid Rights Shares	Monday, 8 October

Dates or deadlines specified in this announcement refer to Hong Kong local time and are indicative only and may be varied by agreement between the Company and the Underwriter. Shareholders will be notified of any changes to the expected timetable.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Rights Issue under various scenarios:

Shareholders	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming all Rights Shares are taken up by Qualifying Shareholders)		Immediately after completion of the Rights Issue (assuming only Landmark Profits and Goodco take up their Rights Shares)	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Landmark Profits	174,592,987	22.89	261,889,480	22.89	261,889,480	22.89
Goodco	223,857,684	29.34	335,786,526	29.34	335,786,526	29.34
Public	364,405,654	47.77	546,608,481	47.77	364,405,704	31.85
Underwriter	350	0.00	525	0.00	182,203,302	15.92
					<i>(note)</i>	
Total	762,856,675	100.00	1,144,285,012	100.00	1,144,285,012	100.00

Note:

This scenario is for illustrative purpose only.

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

- (i) the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 10% of the voting rights of the Company upon the completion of the Rights Issue; and
- (ii) the Underwriter shall use its best endeavours to ensure that (1) each of the subscribers of the Underwritten Shares procured by it shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected to the Directors or chief executive of the Company or substantial shareholders of the Company or their respective associates and parties acting in concert with it; and (2) any subscribers procured by it shall not, together with any party acting in concert with it, hold 10% or more of the voting rights of the Company upon completion of the Rights Issue.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

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

As stated in the 2011/12 annual report, the Company has purchased a property located at the ground floor of No. 6 Cannon Street, Causeway Bay, Hong Kong at a consideration of HK\$180,000,000 in May 2012. In addition, the Company has purchased five properties situated at No. 15 Matheson Street, Causeway Bay, Hong Kong at a total consideration of HK\$81,000,000 in June 2012. The Group continues to seek opportunities to invest in properties with good potential so as to further expand its property investment portfolio.

The gross proceeds and the estimated net proceeds of the Rights Issue will be approximately HK\$29.4 million and HK\$28.4 million respectively. The Company intends to apply such net proceeds from the Rights Issue for property investments and general working capital of the Group. The net price per Rights Share shall be approximately HK\$0.074.

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

FUND RAISING EXERCISE OF THE COMPANY

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

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of proceeds	Actual use of proceeds
30 May 2012	Placing of new Shares under general mandate	HK\$13.6 million	General working capital of the Group	Used as intended
18 July 2012	Placing of new Shares under general mandate	HK\$12.0 million	(i) Fitting and renovation of properties; and (ii) General working capital of the Group	To be applied as intended

LISTING RULES IMPLICATIONS

The Rights Issue is not subject to Shareholders' approval under the Listing Rules. The Rights Issue will be carried out in compliance with Rule 7.21(1) of the Listing Rules. The Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on or about Tuesday, 11 September 2012. For information only, the Company will send the Prospectus to the Non-Qualifying Shareholders (if any) on or about Tuesday, 11 September 2012.

DEFINITIONS

“Acceptance Date”	4:00 p.m. on Tuesday, 25 September 2012 (or such other time or date as the Underwriter may agree in writing with the Company as the latest date for acceptance of, and payment of, Rights Shares)
“associate(s)”	the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday or a day on which typhoon signal 8 or above or black rainstorm is hoisted in Hong Kong at 9:00 am) on which banks are generally open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Easyknit Enterprises Holdings Limited, an exempt company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange
“connected persons”	has the meanings ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“EAF(s)”	the excess application form(s) to be issued in connection with the Rights Issue
“Easyknit International”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange
“Goodco”	Goodco Development Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Easyknit International, being a substantial Shareholder (as defined in the Listing Rules) of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Landmark Profits”	Landmark Profits Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Easyknit International, being a substantial Shareholder (as defined in the Listing Rules) of the Company
“Last Trading Day”	Wednesday, 15 August 2012, being the date of entering into the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors, based on legal opinions provided by legal advisers, consider it necessary or expedient not to offer the Rights Issue to such Overseas Shareholder(s) on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company 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) to be issued in connection with the Rights Issue
“Prospectus”	a prospectus containing details of the Rights Issue to be issued in connection with the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear on the register of members of the Company at the close of business on the Record Date

“Record Date”	Monday, 10 September 2012 or such other date as the Underwriter may agree in writing with the Company as the date by reference to which entitlements to the Rights Issue are expected to be determined
“Rights Issue”	the proposed issue of 381,428,337 Rights Shares on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date to the Qualifying Shareholders at the Subscription Price
“Rights Share(s)”	381,428,337 new Shares proposed to be offered to the Qualifying Shareholders under the Rights Issue for subscription on the terms and subject to the conditions set out in the Underwriting Agreement and in the Prospectus Documents
“Settlement Date”	Wednesday, 3 October 2012, being the fourth Business Day following the Acceptance Date or such later date as the Company and the Underwriter may agree
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.077 per Rights Share
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers
“Undertakings”	the irrevocable undertakings both dated 15 August 2012 given by Landmark Profits and Goodco in favour of the Company and the Underwriter in relation to each of their undertakings to accept or procure the subscription of each of their full entitlement of the Rights Shares pursuant to the Rights Issue, and that Landmark Profits and Goodco shall be the beneficial and (as the case may be) registered owners of not less than 174,592,987 Shares and 223,857,684 Shares respectively on the Record Date

“Underwriter”	Kingston Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO
“Underwriting Agreement”	the underwriting agreement dated 15 August 2012 entered into between the Company and the Underwriter in relation to the underwriting and certain other arrangements in respect of the Rights Issue
“Underwritten Shares”	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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	percentage

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

Hong Kong, 15 August 2012

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