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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)

DELAY IN DESPATCH OF CIRCULAR

CONNECTED TRANSACTION RELATING TO PROPOSED ISSUE OF CONVERTIBLE NOTE

As additional time is required to finalise the information to be included in the circular, the despatch of the circular to the EE Shareholders regarding the connected transaction relating to the proposed issue of Convertible Note will be postponed. In this regard, EE has made an application to and obtained consent from the Executive pursuant Rule 8.2 of the Takeovers Code to extend the date of despatch of the circular to or on before 21 February 2014.

References are made to the joint announcement made on 16 January 2014 (the “**Joint Announcement**”) by Easyknit Enterprises Holdings Limited (“**EE**”) and Easyknit International Holdings Limited and the announcement made on 6 February 2014 by EE (collectively, the “**Announcements**”). Unless the context otherwise requires, all capitalised terms used in this announcement have the same meaning as those defined in the Announcements.

DELAY IN DESPATCH OF THE CIRCULAR

Pursuant to Rule 8.2 of the Takeovers Code, a circular of EE (the “**Circular**”) containing, amongst other things, (i) particulars of the Subscription Agreement (together with the transactions contemplated therein, including the issue of the Convertible Note and the allotment and issue of the Conversion Shares) and the Whitewash Waiver; (ii) the relevant recommendation of the Independent Board Committee; (ii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the EE Independent Shareholders; and (iv) a notice convening the SGM, is to be despatched to the EE Shareholders on 6 February 2014 (being 21 days from the date of the Joint Announcement).

As additional time is required to finalise the information to be included in the circular, the posting date will be more than 21 days from the date of the Joint Announcement. In this regard, EE has made an application to and obtained consent from the Executive pursuant Rule 8.2 of the Takeovers Code to extend the date of despatch of the circular to or on before 21 February 2014.

EE Shareholders and potential investors should note that completion of the Subscription Agreement is subject to the Conditions Precedent and completion thereof may not proceed unless (a) EE Independent Shareholders approve the resolutions regarding the Subscription Agreement (together with the transactions contemplated therein, including the issue of the Convertible Note and the allotment and issue of the Conversion Shares) and the Whitewash Waiver by way of poll at the SGM; and (b) the Whitewash Waiver is granted by the Executive. Completion of the Subscription Agreement (hence the issue of the Convertible Note) will not proceed if any of these approvals are not obtained. EE Shareholders and potential investors are therefore reminded to exercise caution when dealing in the shares and any other securities of EE.

* for identification only

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

Hong Kong, 17 February 2014

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

The EE Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.