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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)

ANNOUNCEMENT ADJUSTMENT TO CONVERSION PRICE OF THE CONVERTIBLE NOTE

The Board wishes to announce that the Conversion Price of the convertible note has been adjusted from HK\$0.642 per Share to HK\$2.498 per Share with effect from 25 October 2014.

Reference is made to the joint announcement of Easyknit Enterprises Holdings Limited (the “**Company**”) and Easyknit International Holdings Limited dated 5 September 2014, the circular of the Company dated 26 September 2014 and the prospectus of the Company dated 27 October 2014 (the “**Prospectus**”), in relation to, inter alia, S&P Agreement, the Capital Reorganisation, the Rights Issue and the transactions contemplated thereunder. Capitalised terms used in this announcement shall have the same meanings as defined in the Prospectus unless otherwise stated.

ADJUSTMENT TO CONVERSION PRICE OF THE CONVERTIBLE NOTE

As at the date of this announcement, the outstanding aggregate principal amount of the convertible note amounted to HK\$20,000,000 which are convertible to Shares during the 5-year period commencing from 27 March 2014 at the prevailing conversion price (“**Conversion Price**”) in force at the time of conversion (if any). Pursuant to the terms of the convertible note, the Conversion Price has been adjusted, because of the Capital Reorganisation the Rights Issue, from HK\$0.642 per Share to HK\$2.498 per Share (subject to further adjustment, if any) on 25 October 2014; and the convertible note will be convertible into 8,006,405 Shares upon the exercise in full of the conversion rights attached thereto at the adjusted Conversion Price of HK\$2.498 per Share. Deloitte Touche Tohmatsu, the auditor of the Company, has issued a report of factual findings addressed to the Board on agreed-upon procedures performed on the computation in respect of the adjustment to the Conversion Price, stating that the aforesaid computation is mathematically accurate and in compliance with the subscription agreement dated 16 January 2014.

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

Hong Kong, 27 October 2014

As at the date hereof, the board of directors of the Company 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.

**for identification only*