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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)

COMPLETION OF THE ISSUE OF THE CONVERTIBLE NOTE

Easyknit Enterprises is pleased to announce that the completion of the issue of the Convertible Note has taken place on 12 June 2015.

Reference is made to the joint announcement of Easyknit Enterprises Holdings Limited (“**Easyknit Enterprises**”) and Easyknit International Holdings Limited (“**Easyknit International**”) dated 29 May 2015 (the “**Joint Announcement**”). Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Joint Announcement.

COMPLETION OF OF THE ISSUE OF CONVERTIBLE NOTE

Easyknit Enterprises is pleased to announce that all Conditions Precedent under the Subscription Agreement have been fulfilled, completion of the issue of the Convertible Note has taken place on 12 June 2015 (the “**Completion Date**”). As at the date of this announcement, the Subscriber held 17,010,000 EE Shares and following the issue of the Convertible Note, the Subscriber has additional interest in Easyknit Enterprises in the Convertible Note having the aggregate principal amount of HK\$86,000,000. None of the Convertible Note is converted as at the date of this announcement.

Upon the Completion, Easyknit Enterprises will cease to be a subsidiary of Easyknit International and will be accounted for as an associate of Easyknit International as from the Completion Date. Accordingly, assets, liabilities, cash flows and results of Easyknit Enterprises will be deconsolidated from the consolidated financial statements of Easyknit International upon the Completion.

As at the date of this announcement, save for the Convertible Note and the 2014 Convertible Note, Easyknit Enterprises has no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into EE Shares. Under the scenarios of (a) the conversion rights attaching to the outstanding 2014 Convertible Note are not exercised; and (b) full exercise of the outstanding 2014 Convertible Note, set out below are the shareholding structures of Easyknit Enterprises (i) as at the date of this announcement; and (ii) immediately after full conversion of the Convertible Note for illustration purposes:

** for identification purposes only*

Scenario 1: no exercise of the outstanding 2014 Convertible Note

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

Notes:

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

Scenario 2: full exercise of the outstanding 2014 Convertible Note

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

Notes:

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

In light of the possible adjustment of the Conversion Price, if the total number of the Conversion Shares exceeds the restriction cap of the General Mandate (i.e. 101,279,806 EE Shares), Easyknit Enterprises will settle the amount of Conversion Shares exceeding the limit of General Mandate by cash and the Subscriber has no objection in such arrangement.

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

Hong Kong, 12 June 2015

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