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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 NOTES

Reference is made to the joint announcement of Easyknit Enterprises Holdings Limited (the “**Company**”) and Easyknit International Holdings Limited dated 6 August 2015 and the circular of the Company dated 14 September 2015 (the “**Circular**”), in relation to, inter alia, 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 Circular unless otherwise stated.

Adjustment to Conversion Price of 2014 Convertible Note

Pursuant to the terms of the 2014 Convertible Note, the conversion price has been adjusted, because of the Capital Reorganisation and the Rights Issue, from HK\$10.65 per Share to HK\$22.72 per Share (subject to further adjustment, if any) on 9 October 2015.

As at the date of this announcement, the outstanding principal amount of the 2014 Convertible Note is HK\$20,000,000. Following the adjustments of Capital Reorganisation and Rights Issue, the maximum number of conversion shares issuable by the Company upon full conversion of the outstanding 2014 Convertible Note is 880,281 Shares. The 2014 conversion shares will be issued and allotted pursuant to the specific general mandate approved by independent Shareholders at the special general meeting of the Company held on 7 March 2014 (the “**2014 Specific Mandate**”). Pursuant to the 2014 Specific Mandate, the Company is entitled to issue and allot a maximum of 147,058,823 Shares; and as at the date of this announcement, a total of 122,869,707 Shares was issued a remaining balance of 24,189,116 Shares can be utilised under the 2014 Specific Mandate.

Adjustment to Conversion Price of 2015 Convertible Note

Pursuant to the terms of the 2015 Convertible Note, the conversion price has been adjusted, because of the Capital Reorganisation and the Rights Issue, from HK\$0.85 per Share to HK\$1.81 per Share (subject to further adjustment, if any) on 9 October 2015.

As at the date of this announcement, the outstanding principal amount of the 2015 Convertible Note is HK\$86,000,000. Following the adjustments of Capital Reorganisation and Rights Issue, the maximum number of conversion shares issuable by the Company upon full conversion of the outstanding 2015 Convertible Note is 47,513,812 Shares. The 2015 conversion shares will be

**for identification purposes only*

issued and allotted pursuant to the refreshed general mandate which was approved by the independent Shareholders at the special general meeting of the Company held on 9 December 2014 (the “**2014 Refreshed Mandate**”). Pursuant to 2014 Refreshed Mandate, the Company is entitled to issue and allot a maximum of 101,176,470 Shares; and as at the date of this announcement, the Company has not issued any Shares under the 2014 Refreshed Mandate.

General

Deloitte Touche Tohmatsu, the auditor of the Company, has issued a report of factual findings addressed to the EE Board on agreed-upon procedures performed on the computation in respect of the adjustments to the respective conversion prices of 2014 Convertible Note and 2015 Convertible Note, stating that the aforesaid computations are mathematically accurate and in compliance with its respective subscription agreements.

Save for the abovementioned adjustments to the respective conversion price of 2014 Convertible Note and 2015 Convertible Note; there is no change to the terms of the 2014 Convertible Note and 2015 Convertible Note.

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

Hong Kong, 14 October 2015

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.