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EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 1218)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



THE PLACING

On 4 May 2018 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent agreed to place, on a best effort basis, to not less than six independent Placees for up to 11,900,000 new Shares at the Placing Price of HK\$4.60 per Placing Share.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and completion of the Placing, a maximum of 11,900,000 Placing Shares under the Placing represent approximately 14.98% of the entire issued share capital of the Company as at the date of this announcement and approximately 13.03% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the Placing Shares. If such condition is not fulfilled, the Placing will not proceed.

As completion of the Placing is subject to the satisfaction of a number of conditions under the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

** for identification purposes only*

THE PLACING AGREEMENT

Date

4 May 2018 (after trading hours)

Parties

- (a) the Company; and
- (b) the Placing Agent

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placing

The Placing Agent has conditionally agreed to place, or procure the placing of, up to 11,900,000 Placing Shares at the Placing Price of HK\$4.60 per Placing Share on a best effort basis and will receive a placing commission of 1% of the Placing Price multiplied by the actual number of Placing Shares placed by the Placing Agent (i.e. the gross proceeds from the Placing).

The placing commission payable to the Placing Agent under the Placing Agreement is derived after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market commission rate for similar transactions. The Directors are of the view that the placing commission is fair and reasonable.

Placees

The Placing Agent will place the Placing Shares to not less than six independent Placees, being professional, institutional or other investors, who and whose ultimate beneficial owners are third parties independent of, not acting in concert (as defined in the Takeovers Code) with and not connected with the Company and its connected persons. It is expected that none of the Placees will become substantial Shareholder (as defined in the Listing Rules) immediately after completion of the Placing.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and completion of the Placing, a maximum of 11,900,000 Placing Shares under the Placing represent approximately 14.98% of the entire issued share capital of the Company as at the date of this announcement and approximately 13.03% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$1,190,000.

Ranking of Placing Shares

The Placing Shares will, upon issue, rank *pari passu* in all respects with the Shares which are in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$4.60 per Placing Share which represents:

- (a) a discount of approximately 7.82% to the closing price of HK\$4.990 per Share as quoted on the Stock Exchange on 4 May 2018, being the date of the Placing Agreement;
- (b) a discount of approximately 8.73% to the average closing price of approximately HK\$5.040 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Placing Agreement; and
- (c) a discount of approximately 8.64% to the average closing price of approximately HK\$5.035 per Share as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to the date of the Placing Agreement;

The Placing Price, which was agreed after arm's length negotiation between the Company and the Placing Agent, was determined with reference to the prevailing market price of the Shares. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted by a resolution of the Shareholders passed at the annual general meeting of the Company held on 7 August 2017 pursuant to which the Directors are authorised to allot and issue up to 15,884,080 new Shares. The maximum of 11,900,000 Placing Shares to be allotted and issued will utilize approximately 74.92% of the General Mandate.

As at the date of this announcement, no new Shares have been issued and allotted pursuant to the General Mandate. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders.

Conditions Precedent

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares under the Placing; and
- (ii) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure events.

If the above conditions are not satisfied and/or waived (other than condition (i) above, which cannot be waived) in whole or in part by the Placing Agent on or before 5:00 p.m. on the Long Stop Date, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches).

Completion

Completion of the Placing, in any event, will take place within four (4) business days after the fulfillment of the conditions as set out in paragraph headed “Conditions Precedent” above or such other date to be agreed between the Company and the Placing Agent in writing (the “**Completion Date**”).

Termination / Force Majeure

The Placing Agent may terminate the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events:

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; 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 of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing of the Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the Completion Date,

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under this Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten (10) consecutive trading days save for the purposes of clearing of the announcement relating to the Placing Agreement or any announcements or circulars relating to the Placing; or

- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated and the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing.

The Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent and the Company under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

As completion of the Placing is subject to the satisfaction of a number of conditions under the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group's principal businesses are property investment, property development, securities investment and loan financing business.

The maximum gross proceeds and net proceeds from the Placing will be approximately HK\$54.74 million and HK\$54.19 million respectively (representing a net issue price of approximately HK\$4.554 per Placing Share). The Company is considering certain potential transactions (involving the acquisition by members of the Group of interests in properties in Hong Kong). If they proceed, these transactions will require cash outlays by the Company. None of these transactions has passed the stage of negotiations and they are all subject to contract, so one or more of them may not proceed. If any do proceed the Company will at the appropriate time comply in full with the Listing Rules. Given that these potential transactions may not proceed it is premature to disclose further details of them at this stage. It is intended that the net proceeds from the Placing will be used towards financing those transactions if they proceed. If they do not proceed the net proceeds will be used for general working capital of the Group.

The Directors are of the view that the Placing will enlarge the shareholder base and the capital base of the Company. The net proceeds of the Placing will strengthen the Group's financial position and enable the Group to grow and expand in particular in the real estate sector. Accordingly, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Placing (assuming the maximum number of Placing Shares are placed and there is no change in the share capital of the Company from the date of this announcement up to the Completion Date) are set out as follows:

Name of Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Shares	Approximately %	Number of Shares	Approximately %
Substantial Shareholders:				
Magical Profits Limited (Note 1)	29,179,480	36.74	29,179,480	31.95
Sea Rejoice Limited (Note 2)	17,429,664	21.95	17,429,664	19.09
Public Shareholders:				
Placees	0	0.00	11,900,000	13.03
Other	<u>32,811,259</u>	<u>41.31</u>	<u>32,811,259</u>	<u>35.93</u>
Total	<u><u>79,420,403</u></u>	<u><u>100.00</u></u>	<u><u>91,320,403</u></u>	<u><u>100.00</u></u>

Notes:

1. These shares are held by Magical Profits Limited, which is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by The Winterbotham Trust Company Limited as trustee of The Magical 2000 Trust (the beneficiaries of which included Ms. Lui Yuk Chu, an executive Director and Vice President of the Company, and her family members other than her spouse).
2. These shares are held by Sea Rejoice Limited which is wholly-owned by Ms. Lui Yuk Chu, an executive Director and Vice President of the Company.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE (12) MONTHS

The Company did not conduct any fund raising activities in the past twelve (12) months immediately preceding the date of this announcement.

DEFINITIONS

In this announcement, unless otherwise defined, terms used herein shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of Stock Exchange (Stock Code: 1218)

“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 7 August 2017 to allot, issue and deal with up to 20.00% of the then issued share capital of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Parties”	parties which are not connected persons of the Company and are independent of the Company and its connected person
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	25 May 2018 or such later date to be agreed between the Company and the Placing Agent in writing
“Placee(s)”	independent professional, institutional or individual investors or any of their respective subsidiaries or associates to be procured by the Placing Agent on a best effort basis
“Placing”	the placing of the Placing Shares pursuant to the Placing Agreement
“Placing Agent”	Get Nice Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 4 May 2018 entered into between the Company and the Placing Agent in relation to the Placing

“Placing Price”	HK\$4.60 per Placing Share
“Placing Share(s)”	a maximum of 11,900,000 new Shares to be placed by the Placing Agent pursuant to the Placing Agreement
“PRC”	People’s Republic of China
“Shareholder(s)”	holders of the Share(s)
“Share(s)”	ordinary share of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers in Hong Kong
“%”	per cent

By Order of the Board
Easyknit International Holdings Limited
Tse Wing Chiu Ricky
President and Chief Executive Officer

Hong Kong, 4 May 2018

As at the date hereof, the Board comprises Mr. Tse Wing Chiu Ricky, Ms. Lui Yuk Chu and Ms. Koon Ho Yan Candy as executive directors; and Mr. Tsui Chun Kong, Mr. Jong Koon Sang and Mr. Hon Tam Chun as independent non-executive directors.