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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)**



**Easyknit Enterprises Holdings Limited**  
**永義實業集團有限公司\***  
*(Incorporated in Bermuda with limited liability)*  
**(Stock code : 0616)**

## **MAJOR TRANSACTION ACQUISITION OF PROPERTY**

### **ACQUISITION OF PROPERTY**

The Board is pleased to announce that on 16 February 2012, Provisional Agreement has been entered into between a wholly-owned subsidiary of the Company as Purchaser, and an independent third party as Vendor, pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Property at a cash consideration of HK\$180,000,000.00.

### **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, no Shareholder has a material interest in the Acquisition or is required to abstain from voting on the resolution for the approval of the Acquisition, should the Acquisition be put forward to for Shareholders' approval at a general meeting of the Company. Pursuant to Rule 14.44 of the Listing Rules, in lieu of a resolution to be passed at a general meeting of the Company, written approvals of the Acquisition have been obtained from Landmark Profits Limited and Goodco Development Limited, the substantial shareholders of the Company with an aggregate interest in 398,450,671 Shares, representing approximately 72.36% of the issued share capital of the Company as at the date of this announcement. Landmark Profits Limited and Goodco Development Limited are interested in 174,592,987 Shares and 223,857,684 Shares respectively, representing approximately 31.70% and 40.66% of the issued share capital of the Company.

A circular containing, amongst others, details of the Acquisition will be despatched to the Shareholders in accordance with the requirements of the Listing Rules on or before 8 March 2012.

*\* for identification only*

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## **PRINCIPAL TERMS OF THE PROVISIONAL AGREEMENT**

Date: 16 February 2012

Parties: (a) The Vendor: Joint owners  
(b) The Purchaser: Top Channel Enterprises Limited

The Purchaser is an indirect wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor is a third party independent of the Company.

### **Subject of the Acquisition**

Pursuant to the Provisional Agreement, the Vendor will sell and the Purchaser will acquire the Property upon the terms contained therein.

The Property is situate at Ground Floor, No. 6 Cannon Street, Causeway Bay, Hong Kong with a total gross floor areas of approximately 650 square feet, and is used for commercial purpose.

The Property shall be sold to the Purchaser free from encumbrances (other than 2 building orders registered against the Property, which requires certain remedial works to be effected). The Purchaser has acknowledged that the Vendor shall not be responsible for such remedial works and has agreed to comply with the requirements as stated in the building orders at its own costs and expenses.

The Property is currently leased by the Vendor to 2 tenants which are third parties independent of the Company under the existing tenancy agreements for shop A and shop B at an aggregate monthly rental (inclusive of management fees and government rates) of HK\$250,000.00 and will expire on 9 March 2012 and 20 February 2013 respectively. In addition, a new provisional tenancy agreement was entered into by the Vendor to lease shop A to a third party independent of the Company with a monthly rental of HK\$190,000.00 (inclusive of management fees and government rates) for 3 years commencing on 9 March 2012 and expire on 8 March 2015 with an option to renew the tenancy for another 2 years.

## **Consideration**

The Consideration for the Acquisition is HK\$180,000,000.00, payable by the Purchaser to the Vendor according to the following payment schedule:-

- (a) an initial deposit of HK\$5,400,000.00 has been paid on the signing of the Provisional Agreement;
- (b) a further deposit of HK\$12,600,000.00 will be paid upon the signing of the formal agreement for sale and purchase of the Property, which is expected to be on or before 9 March 2012; and
- (c) the balance of HK\$162,000,000.00 will be paid on Completion which is expected to be on or before 16 May 2012.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor and determined after taking into account the relevant factors including market prices of comparable properties, location of the Property and the impact of the building orders as described above. It is currently expected that the Consideration will be funded by the Company's internal resources and/or external bank borrowings.

## **Completion**

Completion of the Acquisition shall take place on or before 16 May 2012.

## **INFORMATION ON THE GROUP AND EASYKNIT INTERNATIONAL**

The Group is engaged in sourcing and exporting of garments and property investments.

Easyknit International is an investment holding company which holds approximately 72.36% interests in the Company and is principally engaged in property investment and development, securities investments and loan financing.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Directors consider the Acquisition as an opportunity for the Group to expand its property investment portfolio and increase the income stream of the Group. The Directors also consider that the Property has potential for appreciation.

The Directors, including the independent non-executive Directors, are of the view that the terms of the Provisional Agreement are fair and reasonable, on normal commercial terms and in the interests of the Shareholders as a whole.

## **EFFECTS OF THE ACQUISITION ON THE GROUP AND EASYKNIT INTERNATIONAL**

Based on information available to the Company in respect of the rental and other outgoings relating to the Property, the net rental income which the Group and Easyknit International estimates would have been generated from the Property before and after property tax is HK\$535,438.00 and HK\$471,186.00 respectively for the year ended 31 March 2011, and HK\$3,040,807.00 and HK\$2,675,911.00 respectively for the year ending 31 March 2012.

## **WRITTEN SHAREHOLDERS' APPROVAL**

### **The Company**

As the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition or is required to abstain from voting on the resolution for approval of the Acquisition, should the Acquisition be put forward to the Shareholders for approval at a general meeting of the Company. Pursuant to Rule 14.44 of the Listing Rules, in lieu of a resolution to be passed at a general meeting of the Company, written approvals of the Acquisition have been obtained from Landmark Profits Limited and Goodco Development Limited, the substantial shareholders of the Company with an aggregate interest in 398,450,671 Shares, representing approximately 72.36% of the issued share capital of the Company as at the date of this announcement. Landmark Profits Limited and Goodco Development Limited are interested in 174,592,987 Shares and 223,857,684 Shares respectively, representing approximately 31.70% and 40.66% of the issued share capital of the Company. Landmark Profits Limited and Goodco Development Limited are wholly-owned subsidiaries of Easyknit International.

A circular containing, amongst other things, details of the Acquisition will be despatched to the Shareholders in accordance with the requirements of the Listing Rules on or before 8 March 2012.

### **Easyknit International**

As the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for Easyknit International and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best knowledge, information and belief of the directors of Easyknit International, having made all reasonable enquiries, no shareholder has a material interest in the Acquisition or is required to abstain from voting on the resolution for approval of the Acquisition, should the Acquisition be put forward to the shareholders for approval at a general meeting of the Easyknit International. Pursuant to Rule 14.44 of the Listing Rules, in lieu of a resolution to be passed at a general meeting of Easyknit International, written approvals of the Acquisition have been obtained from Sea Rejoice Limited and Magical Profits Limited, the substantial shareholders of Easyknit International with an aggregate interest 46,609,144 shares, representing approximately 58.69% of the issued share capital of Easyknit International as at the date of this announcement. Sea Rejoice Limited which holds 17,429,664 shares, representing approximately 21.95% of the issued shares of Easyknit International, is wholly-owned by Ms. Lui Yuk Chu, the vice president and executive director of the Company and Easyknit International. Magical Profits Limited, which holds 29,179,480 shares, representing approximately 36.74% of the issued shares of

the company is wholly-owned by Hang Seng Bank Trustee International Limited as trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members (including Ms. Koon Ho Yan Candy, daughter of Ms. Lui Yuk Chu and an executive director of the Company and Easyknit International) other than the spouse of Ms. Lui Yuk Chu). Sea Rejoice Limited and Magical Profits Limited are therefore a “closely allied group of shareholders” for the purpose of Listing Rules.

A circular containing, amongst other things, details of the Acquisition will be despatched to the shareholders of Easyknit International in accordance with the requirements of the Listing Rules on or before 8 March 2012.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition”	the acquisition of the Property by the Purchaser pursuant to the terms of the Provisional Agreement
“Board”	the board of Directors
“Company”	Easyknit Enterprises Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the acquisition pursuant to the terms of the Provisional Agreement
“Consideration”	HK\$180,000,000.00, the consideration for the Acquisition
“Director(s)”	the director(s) of the Company
“Easyknit International”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	the meaning ascribed thereto in Chapter 14 of the Listing Rules

“Property”	Ground Floor, No. 6 Cannon Street, Causeway Bay, Hong Kong
“Provisional Agreement”	a provisional sale and purchase agreement dated 16 February 2012 in relation to the Acquisition
“Purchaser”	Top Channel Enterprises Limited, a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Company
“Shareholders”	holders of the Shares
“Share(s)”	existing ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	joint owners of individual persons
“%”	per cent.

By Order of the Board  
**EASYKNIT INTERNATIONAL  
HOLDINGS LIMITED**  
**Kwong Jimmy Cheung Tim**  
*President and Chief Executive Officer*

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

Hong Kong, 16 February 2012

*As at the date hereof, the board of directors of Easyknit International comprises Mr. Kwong Jimmy Cheung Tim, Ms. Lui Yuk Chu and Ms. Koon Ho Yan, Candy as executive directors, Mr. Tse Wing Chiu, Ricky as non-executive director and Mr. Tsui Chun Kong, Mr. Jong Koon Sang and Mr. Hon Tam Chun as independent non-executive directors.*

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