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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)**

**DISCLOSEABLE TRANSACTION**

**DEEMED DISPOSAL OF INTERESTS  
IN EASYKNIT ENTERPRISES**

**PLACING OF NEW SHARES  
UNDER GENERAL MANDATE**

**Placing Agent**



**KINGSTON SECURITIES LTD.**

#### **THE PLACING**

On 30 May 2012, after trading hours, Easyknit Enterprises 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 97,470,000 new EE Shares at a price of HK\$0.141 per Placing Share.

The maximum number of 97,470,000 Placing Shares under the Placing represents approximately 17.7% of the entire issued share capital of Easyknit Enterprises as at the date of this announcement and approximately 15.0% of the enlarged issued share capital of Easyknit Enterprises after the Placing.

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

#### **LISTING IMPLICATION TO EASYKNIT INTERNATIONAL**

Easyknit International has 72.36% shareholding in Easyknit Enterprises. Easyknit Enterprises is a subsidiary of Easyknit International.

For Easyknit International, the Placing is a deemed disposal of interests in Easyknit Enterprises as its shareholding will decline from 72.36% currently to 61.47% after the Placing. The applicable percentage ratios of the transaction under the Placing exceed 5% but are less than 25%, and therefore the Placing constitutes a discloseable transaction for Easyknit International under Rule 14.06(2) of the Listing Rules. The Placing Agreement and the transaction contemplated thereunder, including the Placing, are therefore subject to the requirements of reporting and announcement under the Listing Rules.

*\* for identification only*

**As the Placing Agreement may or may not complete, EE Shareholders and potential investors are advised to exercise caution when dealing in the EE Shares.**

## **THE PLACING AGREEMENT**

### **Date**

30 May 2012, after trading hours

### **Parties**

- (a) Easyknit Enterprises; and
- (b) the Placing Agent

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

### **Placees**

The Placing Shares will be placed to not less than six Placees and their ultimate beneficial owners will be Independent Third Parties.

### **Placing Shares**

Up to 97,470,000 Placing Shares will be placed by the Placing Agent on a best effort basis. The Placing Shares represent (i) approximately 17.7% of the entire issued share capital of Easyknit Enterprises of 550,686,675 EE Shares as at the date of this announcement; and (ii) approximately 15.0% of the enlarged issued share capital of Easyknit Enterprises of 648,156,675 EE Shares after the Placing.

### **Ranking of Placing Shares**

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

### **Placing Price**

The Placing Price of HK\$0.141 per Placing Share was agreed after arm's length negotiations between Easyknit Enterprises and the Placing Agent, with reference to, among other things, the recent trading price of the EE Shares on the Stock Exchange. The Placing Price represents:

- (i) a discount of approximately 10% to the closing price of HK\$0.157 per EE Share as quoted on the Stock Exchange on 30 May 2012, being the last trading day immediately prior to the entering into of the Placing Agreement; and
- (ii) a discount of approximately 13.49% to the average closing price of approximately HK\$0.163 per EE Share as quoted on the Stock Exchange for the last 5 full trading days of the EE Shares immediately prior to the entering into of the Placing Agreement.

## **Placing Commission**

The Placing Agent will receive a placing commission of 1% on the gross proceeds of the Placing.

## **General Mandate**

The Placing Shares will be issued pursuant to the general mandate to allot, issue and deal with up to 110,137,335 EE Shares, which was granted to the EE Directors by a resolution of the EE Shareholders passed at the annual general meeting of Easyknit Enterprises on 30 August 2011.

As at the date of this announcement, no EE Share has been issued pursuant to the said general mandate.

## **Condition Precedent**

The Placing and the obligations of the Placing Agent under the Placing Agreement are conditional upon the Listing Committee of the Stock Exchange granting listing of, and permission to deal in the Placing Shares.

Application will be made to the Stock Exchange for approval for the listing of and permission to deal in the Placing Shares. The Placing is not subject to EE Shareholders' approval.

## **Completion**

Completion shall take place as soon as possible following the satisfaction of the condition set out above and in any event not later than 4 business days immediately following the satisfaction of the condition (or such other date to be agreed by the parties) and at a time and place to be agreed between the Placing Agent and Easyknit Enterprises.

If the condition precedent of the Placing is not fulfilled on or before the Long Stop Date, the Placing Agreement shall terminate and neither the Placing Agent nor the Company will have any claim against the other for costs, damages, compensation or otherwise except for any antecedent breach of the Placing Agreement.

Further announcement will be made by Easyknit Enterprises upon the completion of the Placing.

## **Termination / Force Majeure**

The Placing Agent is entitled to terminate the Placing Agreement on the occurrence of certain events including a material breach of the representations, warranties and undertakings given by Easyknit Enterprises that is materially adverse to the success of the Placing, or a material adverse change in the financial or trading position of Easyknit Enterprises as a whole that is materially adverse to the success of the Placing or an event of force majeure.

**As the Placing Agreement may or may not complete, EE Shareholders and potential investors are advised to exercise caution when dealing in the EE Shares.**

## REASONS FOR THE PLACING AND USE OF PROCEEDS

The EE Directors and EI Directors consider that the Placing will strengthen the financial position of Easyknit International, Easyknit Enterprises and their subsidiaries. Both the EE Directors and EI Directors are of the view that the Placing is fair and reasonable and in the interests of both Easyknit Enterprises and Easyknit International; and the EE Shareholders and EI Shareholders as a whole.

Assuming all the Placing Shares are successfully placed by the Placing Agent, the gross proceeds from the Placing will be approximately HK\$13,743,000. The net proceeds, after deducting the placing commission and other related expenses, will be approximately HK\$13,600,000 and are intended to be used as general working capital for the Easyknit International, Easyknit Enterprises and their subsidiaries.

## EFFECTS ON SHAREHOLDING STRUCTURE OF EASYKNIT ENTERPRISES

For illustration purpose, the shareholding structure of Easyknit Enterprises immediately before and after the completion of the Placing is set out below:

	As at the date of this announcement		Immediately after completion of the Placing	
	No. of EE Shares	Approximate %	Number of EE Shares	Approximate %
Easyknit International and parties acting in concert with it	398,450,671	72.36	398,450,671	61.47
Placees	0	0	97,470,000	15.04
Public shareholders	<u>152,236,004</u>	<u>27.64</u>	<u>152,236,004</u>	<u>23.49</u>
<b>Total</b>	<b><u>550,686,675</u></b>	<b><u>100.00</u></b>	<b><u>648,156,675</u></b>	<b><u>100.00</u></b>

Upon completion of the Placing, Easyknit Enterprises will continue to be a subsidiary of Easyknit International.

## FUND RAISING ACTIVITIES OF EASYKNIT ENTERPRISES IN THE PAST 12 MONTHS

Easyknit Enterprises has not conducted any equity fund raising activities in the previous 12 months immediately preceding the date of this announcement.

## INFORMATION ON EASYKNIT INTERNATIONAL AND EASYKNIT ENTERPRISES

Easyknit International is principally engaged in the business of property investments and development, garment sourcing and exporting, investment in securities and loan financing.

Easyknit Enterprises is principally engaged in garment sourcing and exporting, property investments and investment in securities.

## LISTING IMPLICATION TO EASYKNIT INTERNATIONAL

Easyknit International has 72.36% shareholding interests Easyknit Enterprises. Easyknit Enterprises is a subsidiary of Easyknit International.

For Easyknit International, the Placing is a deemed disposal of their interest in Easyknit Enterprises as its shareholding will decline from 72.36% currently to 61.47% after the Placing. The applicable percentage ratios of the transaction under the Placing exceed 5% but are less than 25%, and therefore the Placing constitutes a discloseable transaction for Easyknit International under Rule 14.06(2) of the Listing Rules in relation to the deemed disposal of interest in Easyknit Enterprises. The Placing Agreement and the transaction contemplated thereunder, including the Placing, are therefore subject to the requirements of reporting and announcement under the Listing Rules.

## **DEFINITIONS**

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

“Easyknit Enterprises”	Easyknit Enterprises Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Easyknit International”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange and a majority shareholder of Easyknit Enterprises
“EE Directors”	the directors of Easyknit Enterprises
“EE Shareholders”	holders of EE Shares
“EE Shares”	share at HK\$0.01 each in the share capital of Easyknit Enterprises
“EI Directors”	the directors of Easyknit International
“EI Shareholders”	holders of Easyknit International shares
“Independent Third Parties”	parties which are not connected persons of Easyknit Enterprises and are independent of Easyknit Enterprises and its connected person
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 July 2012 or such later date to be agreed between Easyknit Enterprises and the Placing Agent in writing
“Placee(s)”	independent professional, institutional or individual investors 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”	Kingston Securities Limited, a licensed corporation to carry out business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 30 May 2012 entered into between Easyknit Enterprises and the Placing Agent in relation to the Placing;
“Placing Price”	HK\$0.141 per Placing Share
“Placing Share(s)”	a maximum of 97,470,000 new EE Shares to be placed by the Placing Agent pursuant to the Placing Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars

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, 30 May 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.*