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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)**

### **DISCLOSEABLE TRANSACTION**

#### **FULL ACCEPTANCE OF PROVISIONAL ALLOTMENT UNDER THE RIGHTS ISSUE OF EASYKNIT ENTERPRISES HOLDINGS LIMITED**

The board of Easyknit Enterprises, a subsidiary of the Company, announced on 15 August 2012 that Easyknit Enterprises proposes to raise approximately HK\$29.4 million (before expenses) by way of a rights issue of 381,428,337 EE Rights Shares at a subscription price of HK\$0.077 per EE Rights Share, payable in full on acceptance.

As at the date of the announcement, the Company, through Landmark Profits and Goodco, is interested in a total of 398,450,671 EE Shares, representing approximately 52.23% of the total issued share capital of Easyknit Enterprises. Under the Underwriting Agreement, each of Landmark Profits and Goodco has signed an Undertaking in favour of Easyknit Enterprises and the Underwriter pursuant to which each of them has conditionally undertaken, inter alia, that such EE Shares held by it on the date of the Undertaking will remain registered in its name as at 4.00 p.m. on the Record Date and that the EE Rights Shares to be provisionally allotted to it in respect of the EE Shares (representing 199,225,335 EE Rights Shares) will be taken up and paid for in full by it. Landmark Profits and Goodco will not apply for any excess EE Rights Shares.

The consideration to be paid by Landmark Profits and Goodco, for a total of 199,225,335 EE Rights Shares which Landmark Profits and Goodco have undertaken to take up under the Undertakings amounts to HK\$15,340,351. One of the applicable percentage ratios under Rule 14.06(2) of the Listing Rules exceeds 5% but is less than 25%. The full acceptance of the provisional allotment of the EE Rights Shares by Landmark Profits and Goodco under the Undertaking therefore constitutes a discloseable transaction for the Company under the Listing Rules.

*\* for identification only*

## **PROPOSED EE RIGHTS ISSUE**

The board of Easyknit Enterprises, a subsidiary of the Company, has announced on 15 August 2012 that it proposed to raise approximately HK\$29.4 million before expenses by the way of the EE Rights Issue of 381,428,337 EE Rights Shares at a subscription price of HK\$0.077 per EE Rights Share, payable in full on acceptance. Further details in relation to the EE Rights Issue have been set out in the EE Announcement.

## **UNDERTAKINGS AND UNDERWRITING ARRANGEMENT**

As at the date of this announcement, the Company, through Landmark Profits and Goodco, is interested in a total of 398,450,671 EE Shares, representing approximately 52.23% of the total issued share capital of Easyknit Enterprises. On the basis of HK\$0.077 per EE Rights Share, the total consideration payable by the Company through Landmark Profits and Goodco for the 199,225,335 EE Rights Shares under the Undertakings amounts to HK\$15,340,351 and will be satisfied by payment in cash from internal resources of the Company. Landmark Profits and Goodco will not apply for any excess EE Rights Shares.

The Underwriting Agreement was entered into between Easyknit Enterprises and the Underwriter pursuant to which the Underwriter has agreed to fully underwrite the 182,203,002 EE Rights Shares (being all the 381,428,337 EE Rights Shares to be issued under the EE Rights Issue less the 199,225,335 EE Rights Shares to be issued to and taken up by both Landmark Profits and Goodco, pursuant to the Undertakings).

Under the Underwriting Agreement, each of Landmark Profits and Goodco has signed an Undertaking in favour of Easyknit Enterprises and the Underwriter pursuant to which each of them has conditionally undertaken, inter alia, that the EE Shares held by it on the date of the Undertakings will remain registered in its name as at 4.00 p.m. on the Record Date and that the EE Rights Shares to be provisionally allotted to it in respect of those EE Shares (representing 199,225,335 EE Rights Shares) will be taken up and paid for in full by it. The Undertaking will also lapse if the EE Rights Issue does not become unconditional in accordance with its terms. Further details in relation to the Underwriting Agreement have been set out in the EE Announcement.

To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, the Underwriter and its ultimate controlling shareholder are third parties independent of the Company and connected persons of the Company. As at the date of this announcement, the Underwriter is interested in 350 Shares.

## **INFORMATION ON EASYKNIT ENTERPRISES AND REASONS FOR THE EE RIGHTS ISSUE**

Easyknit Enterprises is principally engaged in (i) the property investment, comprising the rental of investment properties; and (ii) garment sourcing and exporting businesses.

Based on the annual report of Easyknit Enterprises for the year ended 31 March 2012, the audited net asset value of the group of Easyknit Enterprises was approximately HK\$594,764,000. The net asset value per share based on 762,856,675 shares in issue of Easyknit Enterprises at the date of this announcement was HK\$0.78. The

closing price of Easyknit Enterprises was HK\$0.077 per share quoted on the Stock Exchange on the Last Trading Day.

According to the annual report of Easyknit Enterprises for the year ended 31 March 2012, net profit and loss before and after taxation of its group for the years ended 31 March 2011 and 2012 respectively are summarised below:

	For the year ended 31 March	
	2012	2011
	<i>HK\$</i>	<i>HK\$</i>
Profit (loss) before taxation	(41,955,000)	49,816,000
Profit (loss) after taxation	(44,015,000)	44,877,000

The gross proceeds and the estimated net proceeds of the EE Rights Issue will be approximately HK\$29.4 million and HK\$28.4 million respectively. Easyknit Enterprises intends to apply such net proceeds from the EE Rights Issue for property investments and general working capital requirements of Easyknit Enterprises. The net price per Rights Share shall be approximately HK\$0.074.

#### **REASON FOR FULL ACCEPTANCE OF THE EE RIGHTS ISSUE**

The Company is principally engaged in the businesses of property investment and development, investment in securities and loan financing.

The Directors consider that the full acceptance by the Company of its provisional allotment under the EE Rights Issue will allow the Company, through Landmark Profits and Goodco, to maintain its pro rata shareholding in Easyknit Enterprises. On this basis, the Directors consider that the Company's participation in the EE Rights Issue is fair and reasonable and in the interest of the Shareholders as a whole.

#### **GENERAL**

The total consideration to be paid by Landmark Profits and Goodco for the 199,225,335 EE Rights Shares which Landmark Profits and Goodco have undertaken to take up under the Undertakings amounts to approximately HK\$15,340,351. One of the applicable percentage ratios under Rule 14.06(2) of the Listing Rules exceeds 5% but is less than 25%. The full acceptance of its provisional allotment of the EE Rights Shares by Landmark Profits and Goodco under the Undertaking therefore constitutes a discloseable transaction for the Company under the Listing Rules.

#### **DEFINITIONS**

The following terms have the following meanings in this announcement unless the context otherwise requires:

“associate(s)”	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 securities of which are listed on the main board of the Stock Exchange
“connected persons”	has the meanings ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“Easyknit Enterprises”	Easyknit Enterprises Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange
“EE Announcement”	the announcement of Easyknit Enterprises dated 15 August 2012 relating to the EE Rights Issue
“EE Rights Issue”	the proposed rights issue of 381,428,337 Rights Shares at a subscription price of HK\$0.077 per EE Rights Share on the basis of one EE Rights Shares for every two existing EE Shares held on the Record Date
“EE Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of Easyknit Enterprises
“Goodco”	Goodco Development Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly owned subsidiary of the Company which holds 29.34% of the issued shares of Easyknit Enterprises, and a controlling shareholder of Easyknit Enterprises
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Landmark Profits”	Landmark Profits Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly owned subsidiary of the Company which holds 22.89% of the issued shares of Easyknit Enterprises, and a controlling shareholder of Easyknit Enterprises
“Last Trading Day”	15 August 2012, being the day before entering into the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Record Date”	Monday, 10 September 2012 or such other date as the Underwriter may agree in writing with Easyknit Enterprises the date by reference to which entitlements to the EE Rights Issue are expected to be determined
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shareholder(s)”	holder(s) of share(s) of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.077 per EE Rights Share under the EE Rights Issue
“Undertaking”	the undertaking letters dated 15 August 2012 from each of Landmark Profits and Goodco to Easyknit Enterprises and the Underwriter
“Underwriter”	Kingston Securities Limited, a deemed licensed corporation to carry out business in type 1 (dealing in securities) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 15 August 2012 entered into between Easyknit Enterprises and the Underwriter in relation to the underwriting and certain other arrangements in respect of the EE Rights Issue
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	percentage

By Order of the Board of  
**Easyknit International Holdings Limited**  
**Kwong Jimmy Cheung Tim**  
*President and Chief Executive Officer*

Hong Kong, 15 August 2012

*As at the date of this announcement, the Board 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.*