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## **ASIA ALLIANCE HOLDINGS LIMITED**

**亞洲聯盟集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 616)

**PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;  
PROPOSED BONUS ISSUE OF SHARES ON THE BASIS OF  
NINE BONUS SHARES FOR EVERY EXISTING SHARE HELD;  
CHANGE OF COMPANY NAME;  
CHANGE IN BOARD LOT SIZE;  
AND  
EXCEPTIONAL PRICE MOVEMENT**

### **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

The Board proposes the Increase in Authorised Share Capital, which involves the increase in existing authorised share capital of the Company from HK\$6,500,000 comprising 650,000,000 Shares of HK\$0.01 each to HK\$200,000,000 comprising 20,000,000,000 Shares of HK\$0.01 each by the creation of an additional 19,350,000,000 unissued Shares of HK\$0.01 each.

The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the SGM, and no Shareholder is required to abstain from voting on such resolution.

### **PROPOSED BONUS ISSUE**

After the Increase in Authorised Share Capital becomes effective, the Board further proposes that the Bonus Issue to be made, by way of capitalisation from the Company's share premium account, to the Shareholders whose names appear on the Register on the Record Date on the basis of nine (9) Bonus Shares, credited as fully paid, for every existing Share held.

The Bonus Issue is conditional upon: (i) the passing by the Shareholders at the SGM of an ordinary resolution approving the Increase in Authorised Share Capital; (ii) the passing by the Shareholders at the SGM of an ordinary resolution approving the Bonus Issue; and (iii) the Listing Committee of the Stock Exchange agreeing to grant the approval for the listings of, and permission to deal in, the Bonus Shares to be issued pursuant to the Bonus Issue.

The Register will be closed from Monday, 12 June 2006 to Monday, 19 June 2006 (both dates inclusive) in order to determine Shareholders' entitlements to the Bonus Issue.

#### **CHANGE OF COMPANY NAME**

The Board proposes to change the English name of the Company from "Asia Alliance Holdings Limited" to "Easyknit Enterprises Holdings Limited"; and the adoption of the Chinese name "永義實業集團有限公司" in lieu of "亞洲聯盟集團有限公司" for identification purpose.

The Change of Company Name is conditional upon: (i) the passing of a special resolution by the Shareholders to approve the Change of Company Name at the SGM; and (ii) the approval of the Registrar of Companies in Bermuda being granted.

#### **CHANGE IN BOARD LOT SIZE**

The Board proposes the change in board lot size from existing 4,000 Shares per board lot to 5,000 Shares per board lot upon the Bonus Issue becoming effective. The change in board lot size of Shares will not result in any change in the relative rights of the Shareholders. The Directors are of the opinion that the change in board lot size is in the interest of the Company and its Shareholders.

A circular containing, inter alia, further information on (a) the Increase in Authorised Share Capital, (b) the Bonus Issue; (c) the Change of Company Name; and (d) the change in board lot size, together with a notice of the SGM containing necessary resolutions to approve (a), (b) and (c) above will be despatched to the Shareholders as soon as practicable.

#### **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

As at the date hereof, the authorised share capital of the Company is HK\$6,500,000 comprising 650,000,000 Shares of HK\$0.01 each, out of which 392,707,524 Shares have been issued and fully paid. In order to accommodate future expansion and growth of the Group and to facilitate the proposed Bonus Issue, the Board proposes the Increase in Authorised Share Capital, which involves the increase in existing authorised share capital to HK\$200,000,000 comprising 20,000,000,000 Shares of HK\$0.01 each by the creation of an additional 19,350,000,000 unissued Shares of HK\$0.01 each.

Immediately after the completion of the Increase in Authorised Share Capital and assuming no new Shares are issued prior to the SGM, the authorised share capital of the Company will comprise authorised ordinary share capital of HK\$200,000,000 divided into 20,000,000,000 Shares of HK\$0.01 each, with 392,707,524 issued Shares and 19,607,292,476 unissued Shares.

The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the Shareholders at the SGM, and no Shareholder is required to abstain from voting on such resolution.

## **PROPOSED BONUS ISSUE**

### **Background**

The Bonus Issue is proposed to take place after the Increase in Authorised Share Capital becomes effective. Subject to the conditions set out below, the Bonus Issue will be made, by way of capitalisation from the Company's share premium account, to the Shareholders whose names appear on the Register on the Record Date on the basis of nine (9) Bonus Shares, credited as fully paid, for every existing Share held.

As at the date hereof, the Company had no outstanding options, warrants or other securities convertible into or giving rights to subscribe for the Shares. As at the date hereof, there were 392,707,524 Shares in issue. On this basis, an aggregate of 3,534,367,716 Bonus Shares of HK\$0.01 each will be issued under the Bonus Issue and an amount of HK\$35,343,677.16 will be capitalised from the Company's share premium account. The total number of Shares in issue upon completion of the Bonus Issue will be increased to 3,927,075,240 Shares.

The Bonus Shares will be credited as fully paid and will rank *pari passu* in all respects with the existing issued Shares with effect from the date of issue.

Dealings in the Bonus Shares on the Stock Exchange are expected to commence on Thursday, 29 June 2006 and will be subject to Hong Kong stamp duty.

### **Conditions of the Bonus Issue**

The Bonus Issue is conditional upon the following conditions being fulfilled:

- (i) the passing by the Shareholders at the SGM of an ordinary resolution approving the Increase in Authorised Share Capital;
- (ii) the passing by the Shareholders at the SGM of an ordinary resolution approving the Bonus Issue; and
- (iii) the Listing Committee of the Stock Exchange agreeing to grant the approval for the listings of, and permission to deal in, the Bonus Shares to be issued pursuant to the Bonus Issue.

### **Closure of Register**

The Register will be closed from Monday, 12 June 2006 to Monday, 19 June 2006 (both dates inclusive) for determining the Shareholders' entitlements to the Bonus Issue. The last day for dealing in Shares cum entitlements to the Bonus Issue will be on Wednesday, 7 June 2006. No transfers of Shares will be registered during this period.

To qualify for the Bonus Issue, all transfer of Shares accompanied by the relevant share certificate(s) must be lodged with the Branch Share Registrar for registration no later than 4:00 p.m. on Friday, 9 June 2006.

## **Listing and dealings**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Bonus Shares.

## **Reasons for the Bonus Issue**

The Bonus Issue will allow the Shareholders to participate in the growth of the Company. It will also provide the Company with a wider capital base and is expected to increase the marketability of the Shares.

## **CHANGE OF COMPANY NAME**

The Board proposes to change the English name of the Company from “Asia Alliance Holdings Limited” to “Easyknit Enterprises Holdings Limited”; and the adoption of the Chinese name “永義實業集團有限公司” in lieu of “亞洲聯盟集團有限公司” for identification purpose.

The Directors are of the view that the new company name aligns the identity of the Group with its controlling Shareholder, being Easyknit International Holdings Limited (永義國際集團有限公司). Easyknit International Holdings Limited (stock code: 1218), is an exempted company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange and the Singapore Exchange Securities Trading Limited. It currently holds approximately 35.93% of the Company’s issued share capital. There will be no change in the Group’s principal businesses where it will remain principally engaged in the businesses of garment bleaching, dyeing and knitting.

The Change of Company Name is subject to the following conditions:

- (i) the passing of a special resolution by the Shareholders to approve the Change of Company Name at the SGM; and
- (ii) the approval of the Registrar of Companies in Bermuda being granted.

The Change of Company Name will take effect from the date on which the Registrar of Companies in Bermuda enters the new English name on the register in place of the existing name. Thereafter, the Company will comply with the necessary filing procedures in Hong Kong.

The Change of Company Name will not affect any rights of the Shareholders. The existing share certificates of the Company under the name of “Asia Alliance Holdings Limited” will, after the date when the Change of Company Name becomes effective, continue to be valid legal evidence of title in respect of the same number of Shares in the new name of the Company. Shareholders may exchange certificates bearing the new name of the Company free of charge within one month from the effective date of the Change of Company Name by submitting their existing share certificates to the Branch Share Registrar.

Further announcement will be made by the Company in relation to the effective date of the Change of Company Name and the arrangement for exchanging share certificates.

## **CHANGE IN BOARD LOT SIZE**

Based on the closing price quoted on the Stock Exchange on the Last Trading Day of HK\$4.625 per Share, the theoretical ex-entitlement price per Share upon the Bonus Issue becoming effective will be approximately HK\$0.463 per Share. Currently, the Shares are traded in board lots of 4,000 Shares and on this basis, the value of each board lot of Shares upon the Bonus Issue becoming effective would be approximately HK\$1,852.00.

The Company intends that upon the Bonus Issue becoming effective, the board lot size of Shares be changed to 5,000 Shares per board lot, with value of approximately HK\$2,315.00 per board lot based on the theoretical ex-entitlement price of approximately HK\$0.463 per Share.

The change in board lot size of Shares will not result in any change in the relative rights of the Shareholders. The Directors are of the opinion that the change in board lot size is in the interest of the Company and its Shareholders.

In order to alleviate the difficulties arising from the existence of odd lots from the change in board lot size, the Company will procure a broker to provide matching services for the sales and purchases of odd lots of Shares on a best effort basis.

## **EXPECTED TIMETABLE**

The expected timetable for the Bonus Issue is set out below:

2006

Last day of trading in Shares cum entitlements to the Bonus Issue .....	Wednesday, 7 June
First day of trading in Shares ex-entitlements to the Bonus Issue .....	Thursday, 8 June
Latest time for lodging transfers of Shares in order to qualify for the Bonus Issue .....	4:00 p.m., Friday, 9 June
Closure of Register .....	Monday, 12 June to Monday, 19 June (both dates inclusive)
Latest time for return of proxy form of SGM (not less than 48 hours) .....	10:00 a.m., Saturday, 17 June
Record Date for determination of entitlements to the Bonus Issue .....	Monday, 19 June
Expected date of SGM .....	10:00 a.m., Monday, 19 June
Re-open of Register .....	Tuesday, 20 June

Despatch of certificates for Bonus Shares on or before .....Tuesday, 27 June

First day of dealings in Bonus Shares .....Thursday, 29 June

Effective date of change in board lot size  
to 5,000 Shares per board lot .....Thursday, 29 June

Free exchange of existing share certificates  
for new share certificates commences .....Thursday, 29 June

Designated broker starts to stand in the market  
to provide matching services .....Thursday, 29 June

Designated broker ceases to stand in the market  
to provide matching services .....Friday, 28 July

Free exchange of existing share certificates  
for new share certificates ends .....Wednesday, 2 August

## **EXCEPTIONAL PRICE MOVEMENT**

This statement is made at the request of the Stock Exchange.

The Board has noted the increase in price of the Shares today and wishes to state that it is not aware of any reasons for such increase.

Save for the proposed: (i) Increase in Authorised Share Capital; (ii) Bonus Issue; (iii) Change of Company Name; and (iv) change in board lot size of Shares as disclosed herein, the Company also confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

Made by the order of the Board, the Directors of which collectively and individually accept responsibility for the accuracy of this announcement.

## **GENERAL**

A circular containing, inter alia, further information on (a) the Increase in Authorised Share Capital, (b) the Bonus Issue; (c) the Change of Company Name; and (d) the change in board lot size, together with a notice of the SGM containing necessary resolutions to approve (a), (b) and (c) above will be despatched to the Shareholders as soon as practicable.

As at the date of this announcement, the Board comprises Mr. Tse Wing Chiu, Ricky and Ms. Lui Yuk Chu as executive Directors and Mr. Kan Ka Hon, Mr. Kwong Jimmy Cheung Tim and Mr. Lau Sin Ming as independent non-executive Directors.

## DEFINITIONS

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

“Board”	the board of Directors
“Bonus Issue”	proposed bonus issue of Bonus Shares to the Shareholders whose names appear on the Register at the close of business on the Record Date on the basis of nine (9) Bonus Shares for every existing Share held on that day
“Bonus Share(s)”	new Share(s) to be issued and allotted to Shareholders under the Bonus Issue
“Branch Share Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Change of Company Name”	proposed change of the Company’s English name to “Easyknit Enterprises Holdings Limited” and the adoption of the Chinese name “永義實業集團有限公司” for identification purpose
“Company”	Asia Alliance Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Authorised Share Capital”	proposed increase in existing authorised share capital of the Company from HK\$6,500,000 divided into 650,000,000 Shares of HK\$0.01 each to HK\$200,000,000 divided into 20,000,000,000 Shares of HK\$0.01 each by the creation of an additional 19,350,000,000 unissued Shares of HK\$0.01 each
“Last Trading Day”	2 May 2006, being the last trading day of Shares on the Stock Exchange before the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Record Date”	Monday, 19 June 2006, being the record date by reference to which entitlements to the Bonus Issue are to be determined
“Register”	the register of members of the Company

“SGM”	the special general meeting of the Company expected to be held on Monday, 19 June 2006 at which resolutions will be proposed to consider and, if thought fit, approve (a) the Increase in Authorised Share Capital, (b) the Bonus Issue, and (c) the Change of Company Name
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%” or “per cent.”	percentage or per centum

By order of the Board  
**Tse Wing Chiu, Ricky**  
*Chairman and Chief Executive Officer*

Hong Kong, 2 May 2006

*\* for identification only*

Please also refer to the published version of this announcement in The Standard.