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## **EASYKNIT ENTERPRISES HOLDINGS LIMITED**

**永義實業集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code : 616)**

### **POSSIBLE MAJOR TRANSACTIONS**

#### **POSSIBLE DISPOSALS OF LISTED SECURITIES AND POSSIBLE ACQUISITIONS OF LISTED SECURITIES**

The Board wishes to announce that the Company intends to seek Shareholders' approval for (1) possible Disposal(s) of ABC Shares and/or HKEx Shares and/or (2) possible Acquisitions of HKEx Shares; through its wholly-owned subsidiaries, in open market transactions in the Stock Exchange in amounts that could constitute major transactions.

Under the Listing Rules, certain percentage ratios are used to determine the classification of transactions. In the event any such percentage ratio for a disposal is more than 25% but less than 75%, or for an acquisition is more than 25% but less than 100%; the relevant transaction will constitute a major transaction for the Company under Chapter 14 of the Listing Rules.

Each possible Disposal and possible Acquisition may constitute a major transaction for the Company under the Listing Rules, for which Shareholders' approval is required. At present, no Shareholder is required to abstain from voting on the approval of the said disposals or acquisitions.

A circular containing further information about the possible Disposals and possible Acquisitions required under the Listing Rules together with notice of the SGM will be despatched to Shareholders on or before 23 September 2013.

#### **POSSIBLE DISPOSALS**

The Board wishes to announce that the Company intends to seek Shareholders' approval for the possible Disposals of ABC Shares and/or HKEx Shares, through its wholly-owned subsidiaries, in open market transactions in the Stock Exchange in amounts that could constitute major transactions.

*\* for identification only*

Under the Listing Rules, certain percentage ratios are used to determine the classification of transaction. In the event any such percentage ratio for a possible Disposal is more than 25% but less than 75%, that Disposal will constitute a major transaction for the Company under Chapter 14 of the Listing Rules. Due to the fact that the percentage ratios under the Listing Rules are required to be based on information available at the time of the relevant transaction, the figures used in this announcement (except the minimum disposal price) are for illustration only.

### **(1) Possible Disposals of ABC Shares**

As at the date of the announcement, the Company holds 4,000,000 ABC Shares, which represent approximately 0.0012% of the existing issued share capital of ABC. The Directors are considering the possible disposal of some or all of those shares in one or more on-market transactions at a minimum price of HK\$2.20 per ABC Share represents a 33.13% discount to the closing price per ABC Share of HK\$3.29 as quoted on the Stock Exchange on the Last Trading Day.

No contractual arrangements have been entered into by the Company with any party in respect to possible Disposals of ABC Shares and the Company intends to seek advance Shareholders' approval in order for any disposal to be effected expeditiously when the market conditions are favourable.

The possible Disposals of all its current holding of ABC Shares will constitute a major transaction for the Company under the Listing Rules, for which Shareholders' approval is required. At present, no Shareholder is required to abstain from voting on the approval of the said Disposal.

The Disposals of ABC Shares for which the Shareholders' approval will be sought will only be effected if:

- the minimum disposal price equals to or exceeds HK\$2.20 per ABC Share;
- all of the percentage ratios under the Listing Rules for the disposal of the relevant ABC Shares are below 75%; and
- the relevant Disposal is completed within 12 months of the approval of Shareholders being given.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as the Stock Exchange is an automated market in which buy and sell orders are matched automatically any ABC Shares to be disposed to by the Group will be sold to parties who are independent of the Company and any director, chief executive or substantial shareholder of any member of the Group or any associate of any of them or any connected persons (as defined by the Listing Rules) of the Company.

The minimum disposal price per ABC Share represents:

- a discount of approximately 24.9% to the net asset value of HK\$2.93 per ABC Share (which is calculated based on the audited net asset value of approximately RMB751,354 million as at 31 December 2012 divided by the number of ABC Shares outstanding as at 31 December 2012 of 324,794,000,000 shares, this information is obtained from the annual report of ABC for the year ended 31 December 2012);

- a price to earnings ratio of 3.9 times the basic earnings per ABC Share of RMB0.45 for the year ended 31 December 2012;
- a discount of approximately 33.13% to the closing price of HK\$3.29 per ABC Share as quoted on the Stock Exchange on the Last Trading Day;
- a discount of approximately 34.37% to the average closing price of HK\$3.35 per ABC Share as quoted on the Stock Exchange for the last 5 days up to and including the Last Trading Day;
- a discount of approximately 31.94% to the closing price of HK\$3.23 per ABC Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day;
- a discount of approximately 32.13% to the closing price of HK\$3.24 per ABC Share as quoted on the Stock Exchange for the last 60 trading days up to and including the Last Trading Day;
- a discount of approximately 35.11% to the closing price of HK\$3.39 per ABC Share as quoted on the Stock Exchange for the last 90 trading days up to and including the Last Trading Day; and
- a discount of approximately 39.34% to the closing price of HK\$3.63 per ABC Share as quoted on the Stock Exchange for the last 180 trading days up to and including the Last Trading Day.

Upon approval by the Shareholders of the possible Disposals which may constitute a major transaction for the Company, the Company will closely monitor any disposal of ABC Shares by the Group to ensure that the aggregate disposals will not give rise to a very substantial disposal. If such an event occurs, the Company will either discontinue further disposals or adhere to any additional requirements under the Listing Rules, including seeking further approval by the Shareholders, if required, before proceeding with further disposals of ABC Shares.

### **Financial Effect of the Possible Disposals of ABC Shares**

Based on the current market capitalisation of the Company and the minimum disposal price of HK\$2.20 per ABC Share, the maximum amount for possible Disposals in order not to constitute a very substantial disposal will be a maximum of approximately HK\$85,000,000 in cash, before expenses, for the Company. As at the date of this announcement, there is no specific use of the proceeds and it is expected they will be used for general working capital or investment as referred to below.

According to the Group's book and records, the average acquisition cost per ABC Share was approximately HK\$3.01, resulting in an estimated loss on disposal of approximately HK\$5,630,000, before expenses, assuming sales at the minimum price of HK\$2.20 per ABC Share and the sale of 4,000,000 ABC Shares.

## **Reasons for the Possible Disposals of ABC Shares**

The purpose of the possible Disposal of ABC Shares is to balance the Group's securities investment portfolio. In addition, the possible Disposals will enable the Company to realise its shareholding interest in ABC and diversify its investment base. Although no acquisition or investment proposals are currently under negotiation, the proceeds after the Disposal(s) may provide the Company with additional resources to fund such acquisitions and investments when opportunities arise.

### **Information on ABC**

According to publicly available information, ABC is a joint-stock company incorporated in the PRC with limited liability and the H shares of which are listed on the main board of the Stock Exchange (Stock Code: 1288). According to its company profile made available on the internet, ABC provides a comprehensive range of commercial banking products and services. Further information on ABC can be found on the website of the Stock Exchange. Based on the interim results of ABC for the six months ended 30 June 2013, the unaudited net asset value of ABC as at 30 June 2013 was RMB791,231 million. Furthermore, according to the annual reports of ABC for the two years ended 31 December 2011 and 31 December 2012 respectively, its profits before and after taxation were approximately RMB158,201 million and RMB121,956 million; and RMB187,927 million and RMB145,131 million respectively.

## **(2) Possible Disposals of HKEx Shares**

As at the date of the announcement, the Company holds 446,111 HKEx Shares, which is approximately 0.039% of the existing issued share capital of HKEx. The Directors are considering disposal of some or all of those shares in one or more on-market transactions at a minimum price of HK\$110 per HKEx Share before expenses, represents a 7.64% discount to the closing price of HK\$119.10 as quoted on the Stock Exchange on the Last Trading Day.

No contractual arrangements have been entered into by the Company with any party in respect to the possible Disposal of HKEx Shares and the Company intends to seek advance Shareholders' approval in order for any disposal to be effected expeditiously when the market conditions are favourable.

The possible Disposals of all its current holding of HKEx Shares will constitute a major transaction for the Company under the Listing Rules, for which Shareholders' approval is required. At present, no Shareholder is required to abstain from voting on the approval of the said Acquisition.

The Disposals of HKEx Shares for which the Shareholders' approval will be sought will only be effected if:

- the minimum disposal price equals to or exceeds HK\$110 per HKEx Share;
- all of the percentage ratios under the Listing Rules for the disposal of the relevant HKEx Shares are below 75%; and
- the relevant Disposal is completed within 12 months of the approval of Shareholders being given.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as the Stock Exchange is an automated market in which buy and sell orders are matched automatically any HKEx Shares to be disposed of will be sold to parties who are independent of the Company and any director, chief executive or substantial shareholder of any member of the Group or any associate of any of them or any connected persons (as defined by the Listing Rules) of the Company.

The minimum disposal price per HKEx Share represents:

- a premium of approximately 607.9% to the net asset value of HK\$15.54 per HKEx Share (which is calculated based on the audited net asset value of approximately HK\$17,834 million as at 31 December 2012 divided by the number of HKEx Shares outstanding as at 31 December 2012 of 1,147,408,000 shares, this information is obtained from the annual report of HKEx for the year ended 31 December 2012);
- a price to earnings ratio of 29.3 times the basic earnings per HKEx Share of HK\$3.75 for the year ended 31 December 2012;
- a discount of approximately 7.64% to the closing price of HK\$119.10 per HKEx Share as quoted on the Stock Exchange on the Last Trading Day;
- a discount of approximately 9.73% to the average closing price of HK\$121.88 per HKEx Share as quoted on the Stock Exchange for the last 5 days up to and including the Last Trading Day; and
- a discount of approximately 10% to the closing price of HK\$122.21 per HKEx Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day;
- a discount of approximately 9.53% to the closing price of HK\$121.59 per HKEx Share as quoted on the Stock Exchange for the last 60 trading days up to and including the Last Trading Day;
- a discount of approximately 11.81% to the closing price of HK\$124.73 per HKEx Share as quoted on the Stock Exchange for the last 90 trading days up to and including the Last Trading Day; and
- a discount of approximately 16.13% to the closing price of HK\$131.15 per HKEx Share as quoted on the Stock Exchange for the last 180 trading days up to and including the Last Trading Day.

Upon approval by the Shareholders of the possible Disposals of HKEx Shares which may constitute a major transaction for the Company, the Company will closely monitor any disposal of HKEx Shares by the Group to ensure that the aggregate disposals will not give rise to a very substantial disposal. If such an event occurs, the Company will either discontinue further disposals or adhere to any additional requirements under the Listing Rules, including seeking further approval by the Shareholders, if required, before proceeding with further disposals of HKEx Shares.

## **Financial Effect of the Possible Disposals of HKEx Shares**

Based on the current market capitalisation of the Company and the minimum disposal price of HK\$110 per HKEx Share, the maximum amount for possible Disposals in order not to constitute a very substantial disposal will be a maximum of approximately HK\$85,000,000 in cash, before expenses, for the Company. As at the date of this announcement, there is no specific use of the proceeds and it is expected they will be used for general working capital or investment as referred to below.

According to the Group's book and records, the average acquisition cost per HKEx Share was approximately HK\$142.16, resulting in an estimated loss on disposal of approximately HK\$14,346,000, before expenses, assuming sales at the minimum price of HK\$110 per HKEx Share and the sale of 446,111 HKEx Shares.

## **Reasons for the Possible Disposal of HKEx Shares**

The purpose of the possible Disposal of HKEx Shares is to balance the Group's securities investment portfolio. In addition, the possible Disposals will enable the Company to realise its shareholding interest in HKEx and diversify its investment base. Although no acquisition or investment proposals are currently under negotiation, the proceeds after the Disposal may provide the Company with additional resources to fund such acquisitions and investments when opportunities arise.

## **POSSIBLE ACQUISITIONS**

The Board announces that the Company also intends to seek Shareholders' approval for the possible Acquisitions of HKEx Shares through its wholly-owned subsidiaries, in open market transactions in the Stock Exchange in amounts that could constitute a major transaction.

Under the Listing Rules, certain percentage ratios are used to determine the classification of transaction. In the event any such percentage ratios for a possible Acquisition is more than 25% but less than 100%, that acquisition will constitute a major transaction for the Company under Chapter 14 of the Listing Rules. Due to the fact that the percentage ratios under the Listing Rules are required to be based on information available at the time of the relevant transaction, the figures used in this announcement (except the maximum acquisition price) are for illustration only.

## **Possible Acquisition of HKEx Shares**

As at the date of this announcement, the Company holds 446,111 HKEx Shares, which is approximately 0.039% of the existing issued share capital of the HKEx.

The Directors are considering the acquisition do move HKEx Shares at prices up to a maximum of HK\$140 per HKEx Share. The maximum acquisition price of HK\$140 per HKEx Share represents a 17.53% premium to the closing price of HK\$119.10 as quoted on the Stock Exchange on the Last Trading Day. Given the market capitalisation of the Company and the maximum acquisition price of HK\$140 per HKEx Share, the maximum consideration in order not to constitute a very substantial acquisition to be payable by the Group to acquire HKEx Shares would be approximately HK\$113,000,000 before expenses.

No contractual arrangements have been entered into by the Company with any party in respect to the possible Acquisitions as the Company intends to seek advance Shareholders' approval in order for acquisitions to be effected expeditiously when the market conditions are favourable.

The possible Acquisitions of HKEx shares may constitute a major transaction for the Company under the Listing Rules, for which Shareholders' approval is required. At present, no Shareholder is required to abstain from voting on the approval of the said Acquisition.

The possible Acquisitions for which the advance Shareholders' approval is being sought will only be effected if:

- the acquisition price per HKEx Share does not exceed the maximum acquisition price of HK\$140 per HKEx Share, being a 17.53% premium to the closing price of HK\$119.10 as quoted on the Stock Exchange on the Last Trading Day;
- all of the percentage ratios under the Listing Rules for the acquisition of the relevant HKEx Shares are below 100%; and
- the relevant Acquisitions on the open market through the Stock Exchange and completed within a period of 12 months of the approval of Shareholders being given.

As the Stock Exchange is an automated market in which buy and sell orders are matched automatically it is expected that all the HKEx Shares to be acquired, will to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, be from parties who are independent of the Company and any director, chief executive and substantial shareholder of the Company, its subsidiaries or any associates of any of them or any connected persons (as defined by the Listing Rules) of the Company.

The maximum acquisition price of HK\$140 per HKEx Share represents:

- a premium of approximately 17.53% to the closing price of HK\$119.10 per HKEx Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 14.89% to the average closing price of HK\$121.88 per HKEx Share as quoted on the Stock Exchange for the last 5 days up to and including the Last Trading Day; and
- a premium of approximately 14.56% to the average closing price of HK\$122.21 per HKEx Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day;
- a premium of approximately 15.15% to the average closing price of HK\$121.59 per HKEx Share as quoted on the Stock Exchange for the last 60 trading days up to and including the Last Trading Day;
- a premium of approximately 12.24% to the average closing price of HK\$124.73 per HKEx Share as quoted on the Stock Exchange for the last 90 trading days up to and including the date of this announcement; and
- a premium of approximately 6.74% to the average closing price of HK\$131.15 per HKEx Share as quoted on the Stock Exchange for the last 180 trading days up to and including the date of this announcement.

## **Reasons and Benefits for the Possible Acquisitions**

The Board (including all the independent non-executive Directors) is of view that:

- (i) the recent movements in the price of HKEx Shares represent a good investment opportunity for the Group to acquire HKEx Shares and that HKEx is a well established and reputable company in Hong Kong with good profit track record; and
- (ii) the possible Acquisitions, which would be conducted in the open market on the Stock Exchange, would be on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Information on HKEX**

According to publicly available information, HKEx is a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 388). According to its company profile available on the internet, HKEx is the holding company of the Stock Exchange, Hong Kong Futures Exchange Limited and Hong Kong Securities Clearing Company Limited and brings together the market organisations which have transformed Hong Kong's financial services industry from a domestically focused market to become a central market place in Asia attracting investment funds from all over the world. HKEx was listed in June 2000 following the integration of Hong Kong's securities and derivatives markets. HKEx services comprise trading, clearing and settlement, depository and nominee services, and information services. Further information on HKEx can be found on the website of the Stock Exchange.

Based on the interim report of HKEx for the six months ended 30 June 2013, the unaudited net asset value of HKEx as at 30 June 2013 was HK\$6,390 million. With reference to the annual reports of HKEx for the two years ended 31 December 2011 and 31 December 2012 respectively, its profits before and after taxation were approximately HK\$6,032 million and HK\$5,093 million for the year ended 31 December 2011; and HK\$4,845 million and HK\$4,084 million for the year ended 31 December 2012. It had total assets of HK\$54,028 million at 31 December 2011 and of HK\$80,837 million at 31 December 2012.

## **GENERAL**

The Group's principal businesses are property investments, garment sourcing and exporting businesses, loan financing and investment in listed securities.

The Company is mindful of the provisions of Listing Rules 14.22 and 14.23 under which, amongst other things, the Stock Exchange may require listed issuers to aggregate a series of transactions and treat them as if they were one transaction if they are all completed within a 12 month period or are otherwise related and will ensure that it complies accordingly with the relevant Listing Rules.

A circular containing further information about the possible Disposals or possible Acquisitions as required under the Listing Rules together with notice of the SGM is expected to be despatched to the Shareholders on or before 23 September 2013.

## DEFINITIONS

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

“ABC”	Agricultural Bank of China Limited, a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the main board of the Stock Exchange (Stock code: 1288)
“ABC Shares”	overseas listed foreign shares with a par value of RMB1.00 each in the share capital of ABC, listed on the main board of the Stock Exchange and traded in Hong Kong dollars
“Acquisition(s)”	any on-market acquisition of HKEx Shares by the Group in the future
“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 main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Disposal(s)”	any on-market disposal(s) of ABC Shares and/or HKEx Shares by the Group in the future
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKEx	Hong Kong Exchanges and Clearing Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock code: 388)
“HKEx Shares”	shares with a par value of HK\$1.00 each in the share capital of HKEx
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	Wednesday, 28 August 2013, being the date prior to the publishing of this announcement for ascertaining information for inclusion in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“major transaction”	the meaning ascribed to it in the Listing Rules
“percentage ratios”	the meaning ascribed to it in the Listing Rules
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	a special general meeting of the Company to be convened and held for the purpose of considering, and if thought fit, obtaining an advance Shareholders’ approval to dispose ABC Shares and/or HKEx Shares; and to acquire HKEx Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“very substantial acquisition”	the meaning ascribed to it in the Listing Rules
“very substantial disposal”	the meaning ascribed to it in the Listing Rules
“%”	per cent

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

Hong Kong, 30 August 2013

*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. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Foo Tak Ching as independent non-executive directors.*