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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)

MAJOR TRANSACTION

ACQUISITION OF THE SALE SHARE AND THE SALE LOAN

THE AGREEMENT

On 13 April 2017 (after trading hours), GY, a direct wholly-owned subsidiary of the Company, as the purchaser, entered into the Agreement with the Seller, pursuant to which amongst other things, GY conditionally agreed to acquire, and the Seller agreed to sell the Sale Share and the Sale Loan at a total consideration of HK\$129,788,380.75. The Sale Share represents 100% equity interest in GCHL whilst the Sale Loan represents the entire amount of shareholder's loan owing by GCHL to the Seller as at the Completion Date.

Upon completion of the Acquisition, GY will be the owner of 11 units in the Building which represents over 91.67% of the undivided shares of the Building (as contemplated by section 3(1) of the Land (Compulsory Sale for Redevelopment) Ordinance). The Group intends to acquire the Remaining Unit so as to be the owner of the whole Building and may contemplate to redevelop if and when the Directors consider market sentiment to be appropriate.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios (as defined in the Listing Rules) of the Acquisition exceed 25% but are less than 100%, the Acquisition constitutes a major transaction under Rule 14.06(3) of the Listing Rules, and is therefore subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

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 has been obtained from Sea Rejoice Limited and Magical Profits Limited, the substantial shareholders of the Company with an aggregate interest in 46,609,144 Shares, representing approximately 58.69% of the issued share capital of Company as at the date of this announcement.

** for identification purposes only*

GENERAL

A circular containing, among other things, (i) details of the Agreement, (ii) the financial information on the Group and the GCHL, (iii) a valuation report of the Properties to be issued by a firm of independent valuers and other information as required under the Listing Rules will be despatched to the Shareholders on or before 10 May 2017.

THE AGREEMENT

Date : 13 April 2017 (after trading hours)

Purchaser : GY, being the purchaser

Seller : an individual person who is the legal and beneficial owner of the entire issued share capital of the GCHL, being the seller

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Seller is an Independent Third Party. Prior to the Agreement, there were no arrangements between the Company and the Seller in relation to the Property Purchase Agreements.

Assets to be acquired

Pursuant to the Agreement, amongst other things, GY has conditionally agreed to acquire from the Seller the Sale Share, representing the entire issued share capital of GCHL, and the Sale Loan.

GCHL is legally and beneficially interested in the Properties of the Building located at Nos. 93, 93A, 95 and 95A Waterloo Road, Kowloon, Hong Kong. The Building comprises 12 residential units with a total saleable area of approximately 15,467 square feet. Upon completion of the Acquisition, GCHL will become a wholly-owned subsidiary of the Company.

Condition Precedent

Completion of the Agreement is conditional upon the fulfillment of the following conditions on or prior to the Completion Date:

1. a due diligence review being carried out on GCHL by, and having been completed to the satisfaction of, GY in its sole discretion; and
2. the warranties provided by the Seller under the Agreement remain true and accurate in all respects.

Consideration

The Consideration for the Sale Share and the Sale Loan is HK\$129,788,380.75 shall be paid in cash and shall be paid as follows:

1. the deposit in the sum of HK\$102,303,782.50 shall be paid to the Seller on or before 20 April 2017;

2. the first further deposit of HK\$12,215,377 shall be paid to the Seller on or before 10 May 2017;
3. the second further deposit of HK\$9,161,532.75 shall be paid to the Seller on or before 30 May 2017; and
4. the balance of HK\$6,107,688.50 shall be paid to the Seller upon the delivery of the audited completion account of GCHL on or before 27 June 2017.

The consideration of HK\$129,788,380.75 was determined after arm's length negotiations between GY and the Seller. When determining the Consideration, the management of the Company has taken into account the location of the Properties, market prices of properties of similar sizes and usage, as well as the preliminary value of the Properties as indicated by an independent valuer. The management of the Company believes that the above provides a reasonable basis in its assessment value of the Properties.

The completion of the Acquisition is on or before 27 June 2017 and the Group shall fund the Acquisition from internal resources of the Group.

Acquisition of the Properties by GCHL

During the period from 27 March 2017 and 29 March 2017, GCHL entered into 11 provisional agreements with 11 different Property Vendors for the acquisition of a total of 11 units in the Building. The completion of all the Property Purchase Agreements is expected to be on or before 28 June 2017. The total consideration for the acquisition of the Properties under the Property Purchase Agreements is HK\$305,384,425.

GCHL has paid a total of HK\$1,100,000 as deposits under the Property Purchase Agreement (representing approximately 0.36% of the total consideration under all the Property Purchase Agreements) to the Property Vendors. Upon completion of the Property Purchase Agreements on or before 28 June 2017, GCHL will have to pay the balance of the consideration in the sum of HK\$274,845,982.50 to the Property Vendors. If the Agreement completes on the Completion Date, GCHL will then become a wholly-owned subsidiary of the Group. Hence, the Group will be responsible for paying the balance of the purchase price for the properties to the Property Vendors upon completion of the Property Purchase Agreements, through GCHL.

The Group will fund the balance of the purchase price of the acquisition of the Properties from internal resources of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group's principal businesses are in property investment, property development, securities investment and money lending business.

The Group currently holds various commercial, industrial and residential properties in Hong Kong. GCHL is the purchaser under the Property Purchase Agreements. The acquisition of Sale Share and Sale Loan of GCHL will enable the Group to acquire the Properties, which represent 11 of the 12 units in the Building and represents over 91.67% of the undivided shares of the Building (as contemplated by section 3(1) of the Land (Compulsory Sale for Redevelopment) Ordinance). The Group intends to acquire the Remaining Unit so as to be the owner of the whole Building and may contemplate to redevelop into a residential building if

and when the Directors consider market sentiment to be appropriate. The Company shall issue a further announcement to inform the Shareholders when the purchase of the Remaining Unit is completed.

2 units of the Properties are subject to the tenancy agreements that by the terms may still be in force at the latest time for completion of the Property Purchase Agreements. Such tenancies will be expired in mid-2018.

The Directors, including the independent non-executive Directors, are of the view that the Acquisition is in the interests of the Group and is on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Information on GCHL

GCHL was incorporated on 2 March 2017 and has never carried on any business save for entering into the Property Purchase Agreements. Accordingly, from the date of incorporation of GCHL up to the date of the Agreement, there are no profits attributable to GCHL. The net asset value of GCHL as at 13 April 2017 is US\$1.00.

Its sole material assets are the 11 Provisional Agreements and the deposits paid and its rights under the Property Purchase Agreements. The liabilities of GCHL consist of a debt (owed to the Seller) of HK\$1,099,992 and its liabilities under the Property Purchase Agreements.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios (as defined in the Listing Rules) of the Acquisition exceed 25% but are less than 100%, the Acquisition constitutes a major transaction under Rule 14.06(3) of the Listing Rules, and is therefore subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

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 Company has have been obtained from Sea Rejoice Limited and Magical Profits Limited, the substantial shareholders of the Company with an aggregate interest in 46,609,144 Shares, representing approximately 58.69% of the issued share capital of the Company 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 the Company, is wholly-owned by Ms. Lui Yuk Chu, the vice president and executive director of the Company. Magical Profits Limited, which holds 29,179,480 shares, representing approximately 36.74% of the issued shares of the Company is wholly-owned by Accumulate More Profits Limited which in turn is wholly owned by The Winterbotham Trust Company 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 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.

GENERAL

A circular containing, among other things, (i) details of the Agreement, (ii) the financial information on the Group and the GCHL, (iii) a valuation report of the Properties to be issued by a firm of independent valuers and other information as required under the Listing Rules will be dispatched to the Shareholders on or before 10 May 2017.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Share and Sale Loan by GY subject to the terms and conditions of the Agreement
“Agreement”	an agreement dated 13 April 2017 entered into between GY and the Seller for the sale and purchase of Sale Share and Sale Loan
“associates”	the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Building”	the building situated at Nos. 93, 93A, 95 and 95A Waterloo Road, Kowloon, Hong Kong
“Company”	Easyknit International Holdings Limited (永義國際集團有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the sale and purchase of Sale Share and Sale Loan on or before 27 June 2017
“Completion Date”	the date fixed for completion of the Properties, which is expected to be on 28 June 2017, or such other dates the parties may agree in writing
“Consideration”	the aggregate consideration of HK\$129,788,380.75 includes the amount of HK\$27,484,606.25 to acquire the Sale Share and the amount of HK\$102,303,774.50 to acquire the Sale Loan payable by GY to the Seller under the Agreement
“Director(s)”	director(s) of the Company
“GCHL”	Global Chance Holdings Limited, a company incorporated in British Virgin Islands, which is wholly-owned by the Seller
“Group”	the Company and its subsidiaries
“GY”	Good Year Ventures Limited, a company incorporated in British Virgin Islands and is a direct wholly-owned subsidiary of the Company

“HK\$”	Hong Kong dollars, lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party independent of the Company and of connected persons (as defined in the Listing Rules) of the Company
“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
“PRC”	the People’s Republic of China
“Properties”	11 units of the Building which are: (1) Unit B, ground floor (2) Unit C, ground floor (3) Unit D, ground floor (4) Unit A, 1st floor (5) Unit B, 1st floor (6) Unit C, 1st floor (7) Unit D 1st floor (8) Unit A, 2nd floor (9) Unit B, 2nd floor (10) Unit C, 2nd floor (11) Unit D, 2nd floor
“Property Purchase Agreement(s)”	the 11 provisional agreements entered into between GCHL and each of the Property Vendor(s) in relation to the sale and purchase of the Properties
“Property Vendors”	the respective vendor(s) of each of the Property Purchase Agreements(s), each of which are Independent Third Parties
“Remaining Unit”	Unit A, ground floor of the Building
“Sale Loan”	the entire amount of the shareholder’s loan of HK\$102,303,774.50 owing by GCHL to the Seller as at the Completion Date
“Sale Share”	the one ordinary share of US\$1.00 in the share capital of GCHL, which has been issued and fully paid up and which represents the entire issued share capital of GCHL at completion

“Seller”	an individual person who is an Independent Third party
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 13 April 2017

As at the date hereof, 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 and Mr. Lai Law Kau as non-executive directors; and Mr. Tsui Chun Kong, Mr. Jong Koon Sang and Mr. Hon Tam Chun as independent non-executive directors.