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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 PURCHASE OF EQUITY LINKED NOTE OF PING AN INSURANCE (GROUP) COMPANY OF CHINA, LTD.

On 16 March 2018, the Group, through its wholly-owned subsidiary, has purchased an ELN of PAI for a principal amount of HK\$50,000,000.

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, as certain applicable percentage ratio exceeds 5% but is less than 25%.

THE ACQUISITION

On 16 March 2018, the Group, through its wholly-owned subsidiary, has purchased an ELN of PAI for a principal amount of HK\$50,000,000 and the major terms of ELN of PAI are listed below:

Major Terms of ELN

- | | |
|--------------------------|------------------------|
| 1. Trade date: | 16 March 2018 |
| 2. Issuer: | SG Issuer |
| 3. Linked equity: | PAI (Stock Code: 2318) |
| 4. Principal amount: | HK\$50,000,000 |
| 5. Issue price: | HK\$89.10 |
| 6. Strike price: | HK\$82.2571 |
| 7. Tenor: | 2 months |
| 8. 1st Observation date: | 3 May 2018 |
| 9. 2nd Observation date: | 4 June 2018 |
| 10. Coupon rate: | 15.00% per annum |

Save as the aforementioned, the Group does not have any ELN of PAI outstanding as at the date of this announcement.

ELN are designated as financial assets at fair value gain through profit or loss. The ELN is subject to mandatory redemption clause at a strike price until maturity dates depending on the market price of the PAI Shares underlying the ELN.

** for identification purposes only*

ELN has two payoff possibilities of which the Company shall receive the full face value of the ELN and the coupon interest on the fixing date (i.e. 1st observation date and/or 2nd observation date) if the underlying stock price closes at or above the strike price of the embedded option. Conversely if the underlying stock price closes below the strike price of the embedded option, the Company will be obliged to take delivery of the underlying shares at the strike price. The number of shares to be received on maturity is calculated by dividing the ELN's full face value by the strike price of the embedded put option.

The maximum risk exposure of the Company is at the time when the Company is obliged to take delivery of the underlying shares at the strike price, and the total amount of the funds for the acquisition of the underlying shares is limited to the principal amount of the ELN.

Principal Amount

The principal amount of the Acquisition shall be paid on 3 April 2018 and be satisfied in cash from internal resources of the Company.

REASONS AND BENEFITS OF THE PURCHASE OF ELN

The Group's principal activities are property investment, property development, securities investment and loan financing business.

The Board has a view that ELN is one of the investment options that can earn potentially higher interest income (in the form of interest rates) than normal market deposit; and ELN does not have any brokerage charges and clearing fees on the purchase of the underlying shares until the time when the underlying shares are delivered. By capitalising on share movements, it is an opportunity to maximise market opportunities by earning more attractive interest rate. Moreover, ELN has a flexible choice in terms of the share counters and tenors.

In consideration of the above factors and the terms of ELN, the present market conditions of the stock market and the track record of PAI, the Board is of the view that the Acquisition is fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON PAI

According to publicly available information, PAI is a company incorporated in the PRC and its overseas listed H shares are listed on the Stock Exchange (Stock Code: 2318) and its domestic listed A shares are listed on The Shanghai Stock Exchange (Stock Code: 601318). The business scope of PAI group includes investing in financial and insurance enterprises as well as supervising and managing various domestic and overseas businesses of subsidiaries, and controlled funds. PAI group mainly provides integrated financial products and services and is engaged in life insurance, property and casualty insurance, trust, securities, banking and other businesses.

The following information is extracted from the published information of PAI:

	For the nine months ended 30 September 2017	For the year ended 31 December	
	<i>RMB million</i>	2016	2015
		<i>RMB million</i>	<i>RMB million</i>
Revenue	723,982	774,488	693,220
Profit before taxation	100,558	94,411	93,413
Net profit after taxation attributable to shareholders of PAI	66,318	62,394	54,203
Total assets	6,168,516	5,576,903	4,765,159

LISTING RULES IMPLICATIONS

As certain applicable percentage ratio (as set out in Rule 14.07) of the Listing Rules of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement and to the best of the Directors' knowledge, information and belief, there is no Shareholder who has a material interest in the Acquisition.

DEFINITIONS

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

“Acquisition”	the purchase of an ELN of PAI for a principal amount of HK\$50,000,000 by a wholly-owned subsidiary of the Company on 16 March 2018
“Board”	the board of Directors
“Company”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of Stock Exchange (Stock Code: 1218)
“Director(s)”	director(s) of the Company
“discloseable transaction”	as defined in the Listing Rules
“ELN”	an equity linked note issued by SG Issuer
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PAI”	Ping An Insurance (Group) Company of China, Ltd.
“PAI H Share”	Overseas Listed H shares of RMB1.00 each in the share capital of PAI which are listed on the Stock Exchange and traded in Hong Kong dollars (Stock Code: 2318)
“percentage ratios”	as defined in the Listing Rules
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
Easyknit International Holdings Limited
Tse Wing Chiu Ricky
President and Chief Executive Officer

Hong Kong, 20 March 2018

As at the date hereof, the Board comprises Mr. Tse Wing Chiu Ricky, Ms. Lui Yuk Chu and Ms. Koon Ho Yan Candy as executive directors; and Mr. Tsui Chun Kong, Mr. Jong Koon Sang and Mr. Hon Tam Chun as independent non-executive directors.