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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

The Company has, through its wholly-owned subsidiary, acquired on the Stock Exchange of an aggregate of 100,000 HSBC Shares on 15 October 2010, representing approximately 0.00057% of the issued share capital of HSBC (based on its issued share capital of 17,510,000,000 shares as shown in the 2010 interim report of HSBC) for a total consideration of HK\$8,300,000 (exclusive of transaction cost).

The applicable percentage ratios under rule 14.07 of the Listing Rules in respect of the Investment exceeds 5% but is less than 25%, the Investment constitutes a discloseable transaction of the Company under rule 14.06(2) of the Listing Rules.

To the extent that any Further Investments after 15 October 2010 when aggregated constitute a discloseable transaction, the Company will comply with the relevant disclosure requirements for discloseable transactions under the Listing Rules. In addition, if any Further Investments when aggregated with the Investment pursuant to the Listing Rules exceed the threshold for a major transaction or very substantial acquisition, the Company will comply with the relevant requirements under the Listing Rules.

THE INVESTMENT

The Company has, through its wholly-owned subsidiary, acquired on the Stock Exchange of an aggregate of 100,000 HSBC Shares on 15 October 2010, representing approximately 0.00057% of the issued share capital of HSBC (based on its issued share capital of 17,510,000,000 shares as shown in the 2010 interim report of HSBC).

The total consideration paid for these 100,000 HSBC shares was HK\$8,300,000 (exclusive of transaction costs) which was satisfied in cash from internal resources of the Company. The consideration for cash purchase represented the then market price of the HSBC Shares.

As the Investment was made through the market, the Company is not aware of the identities of the vendors of the HSBC Shares and accordingly, to the best of the knowledge, information and belief of the directors of the Company having made all reasonable enquiries, the vendors of the HSBC Shares are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company, its subsidiaries and their respective associates.

REASONS FOR THE INVESTMENT

The Group is principally engaged in the property investment and development businesses. The directors of the Company consider that the Investment will enhance the returns on cash for the Company. The source of funding for the Investment was internal cash resources of the Company. Taking into account the track record of HSBC, the Company considered that the Investment had potential. The Investment was purchased at market prices and the Board (including the independent non-executive directors) believes that the Investment was fair and reasonable and in the interests of the shareholders of the Company as a whole.

INFORMATION ON HSBC

HSBC is a company incorporated in England with limited liability and its shares are listed on the London, Hong Kong, New York, Paris and Bermuda stock exchanges. Based on its company profile made available on the website of the Stock Exchange, HSBC is principally engaged in the provision of a comprehensive range of banking and related financial services through an international network in the Asia-Pacific region, Europe, the Americas, the Middle East and Africa.

Further information on HSBC can be found on the website of the Stock Exchange. Based on the interim report of HSBC for the six months ended 30 June 2010, the unaudited net asset value of HSBC was USD143,323 million (approximately HK\$1,117,919 million) while the unaudited net asset value attributable to the Investment was approximately USD816,941 (approximately HK\$6,372,140). According to the annual reports of HSBC for the two years ended 31 December 2008 and 31 December 2009 respectively, its net profits from ordinary activities (before and after taxation) for the year ended 31 December 2008 were USD9,307 million (approximately HK\$72,595 million) and USD6,498 million (approximately HK\$50,684 million) respectively and for the year ended 31 December 2009 were USD7,079 million (approximately HK\$55,216 million) and USD6,694 million (approximately HK\$52,213 million) respectively.

GENERAL

The applicable percentage ratios under rule 14.07 of the Listing Rules in respect of the Investment exceeds 5% but is less than 25%, the Investment constitutes a discloseable transaction of the Company under rule 14.06(2) of the Listing Rules.

To the extent that any Further Investments after 15 October 2010 when aggregated constitute a discloseable transaction, the Company will comply with the relevant disclosure requirements for discloseable transactions under the Listing Rules. In addition, if any Further Investments when aggregated with the Investment pursuant to the Listing Rules exceed the threshold for a major transaction or very substantial acquisition, the Company will comply with the relevant requirements under the Listing Rules.

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.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, the following terms are used with the meanings set opposite them:-

“Board”	the board of directors of the Company
“Company”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange
“Further Investments”	further investments by the Company in HSBC Shares after 15 October 2010
“HSBC”	HSBC Holdings plc, whose shares are listed on the main board of the Stock Exchange (Stock code: 5)
“HSBC Shares”	shares of USD0.5 each in the share capital of HSBC which are listed on the Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Investment”	the investment by the Company by acquisition on the market of an aggregate of 100,000 HSBC Shares on 15 October 2010
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the meaning ascribed thereto in Chapter 14 of the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollars, the lawful currency of the United States of America
“%”	percentage

In this announcement translation of USD into HK\$ are made at the rate of USD1 to HK\$7.8.

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

Hong Kong, 19 October 2010

** For identification only*