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EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司*

(a company incorporated in Bermuda with limited liability)

(Stock Code: 1218)

MAJOR TRANSACTION PROPOSED ACQUISITION OF PROPERTIES AND RESUMPTION OF TRADING

THE PROVISIONAL AGREEMENTS

On 27 April 2011, the Purchaser, a wholly-owned subsidiary of the Company, entered into five Provisional Agreements with the Sellers, pursuant to which amongst other things the Purchaser agreed to acquire, and the Sellers agreed to sell the Properties for a total consideration of HK\$131,300,000. Pursuant to each of the Provisional Agreements, the Purchaser and the relevant Seller will enter into a formal agreement for the relevant Acquisitions on or before 11 May 2011. The Acquisitions are scheduled to be completed on or before 30 September 2011.

IMPLICATIONS UNDER THE LISTING RULES

The applicable percentage ratios (as defined in the Listing Rules) of the Acquisitions exceed 25% but are less than 100%, and therefore the Acquisitions constitute a major transaction for the Company under Rule 14.06(3) of the Listing Rules. The Provisional Agreements and the transactions contemplated thereunder including the Acquisitions are therefore subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

So far as the Company is aware having made all reasonable enquiries, no Shareholder has a material interest in, and would be required to abstain from voting on, the resolution to approve the Acquisitions if the Company were to convene a general meeting for the approval of the Acquisitions. Pursuant to Rule 14.44 of the Listing Rules, written shareholders' approval has been obtained from Sea Rejoice Limited and Magical Profits Limited, which together hold approximately 58.69% of the issued Shares. Sea Rejoice Limited is wholly-owned by Ms. Lui Yuk Chu, the Vice President and an executive Director. Magical Profits Limited is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by Hang Seng Bank Trustee International 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, the daughter of Ms. Lui Yuk Chu and an executive Director) 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 the Listing Rules. The Company will seek the approval of the Stock Exchange to accept the written shareholders' approval in lieu of the requirement to convene a general meeting of the Company to approve the Acquisitions.

GENERAL

A circular containing amongst other things further particulars of the Acquisitions will be despatched to Shareholders on or before 24 May 2011.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 10:51 a.m. on Wednesday, 27 April 2011 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on Tuesday, 3 May 2011.

On 27 April 2011, the Purchaser, a wholly-owned subsidiary of the Company, entered into five Provisional Agreements with the Sellers, pursuant to which amongst other things the Purchaser agreed to acquire, and the Sellers agreed to sell the Properties (two of which are subject to tenancies as described below).

THE PROVISIONAL AGREEMENTS

The key terms of the Provisional Agreements are as follows:

A) Friendly Bright Provisional Agreement

Date

27 April 2011

Parties

(i) Friendly Bright, as seller

(ii) the Purchaser

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, Friendly Bright is an investment holding company and Friendly Bright and its ultimate beneficial owners are Independent Third Parties.

Pursuant to the terms of the Friendly Bright Provisional Agreement, the Purchaser and Friendly Bright will enter into a formal agreement for the acquisition of the Friendly Bright Properties on or before 11 May 2011.

Assets to be Acquired

Pursuant to the terms of the Friendly Bright Provisional Agreement, the Purchaser will acquire the Friendly Bright Properties from Friendly Bright at an aggregate consideration of HK\$83,000,000. An initial deposit of HK\$4,150,000 was paid by the Purchaser upon signing of the Friendly Bright Provisional Agreement and a further deposit of HK\$4,150,000 will be payable by the Purchaser upon signing of the formal agreement on or before 11 May 2011. A third deposit of HK\$8,300,000 will be payable by the Purchaser on or before 11 July 2011. The balance of the consideration for the Friendly Bright Properties, being HK\$66,400,000, will be paid upon completion, which is scheduled to take place on or before 30 September 2011.

The Ground Floor of Block A and the Ground Floor of Block D of Nos.301, 301A-C Prince Edward Road West, Kowloon, being two of the units comprising the Friendly Bright Properties, are currently on lease at an aggregate rate of HK\$64,000 per month (excluding rates and management fees which are paid by the tenant), and are currently used for commercial and residential purposes. The lease commenced on 1

May 2009 and will expire on 30 April 2012, subject to early termination by the landlord under specified circumstances. The tenant has a right to renew the tenancy for a further two years, in which case the rental under the renewed tenancy shall not be increased by more than 10% of the rental under the current tenancy.

The First Floor of Block A of Nos.301, 301A-C Prince Edward Road West, Kowloon, being one of the units comprising the Friendly Bright Properties, is currently on lease at the rate of HK\$24,000 per month (excluding rates and management fees which are paid by the tenant), and is currently used for commercial and residential purposes. The lease commenced on 16 October 2010 and will expire on 15 October 2012, subject to early termination by the landlord under specified circumstances. The tenant has a right to renew the tenancy for a further one year at the same rent.

The Ground Floor of Block B of Nos.301, 301A-C Prince Edward Road West, Kowloon, being one of the units comprising the Friendly Bright Properties, is currently on lease at the rate of HK\$63,000 per month (excluding rates and management fees which are paid by the tenant), and is currently used for commercial and residential purposes. The lease commenced on 1 May 2009 and will expire on 30 April 2011. A new lease was entered into in respect of this Property on 7 April 2011 which will commence on 1 May 2011 and expire on 30 April 2013 subject to early termination by the landlord under specified circumstances. The monthly rent under the new lease is HK\$80,000 per month (excluding rates and management fees which are paid by the tenant). This Property will be used for commercial and residential purposes.

Based on information available to the Company in respect of the rental and other outgoings relating to the Friendly Bright Properties, the net rental income which the Company estimates would have been generated from the Friendly Bright Properties before and after property tax is as follows:

Ground Floor of Block A and the Ground Floor of Block D: HK\$704,000 and HK\$587,840 respectively for the period from the commencement of the tenancy to 31 March 2010, and HK\$768,000 and HK\$641,280 respectively for the year ended 31 March 2011.

First Floor of Block A: HK\$132,000 and HK\$110,220 respectively for the period from the commencement of the tenancy on 16 October 2010 to the year ended 31 March 2011.

Ground Floor of Block B: HK\$678,600 and HK\$566,631 respectively for the period from the commencement of the tenancy to 31 March 2010, and HK\$741,600 and HK\$619,236 respectively for the year ended 31 March 2011.

B) Phuong Provisional Agreement

Date

27 April 2011

Parties

- (i) Phuong Ngoc Hoa, as seller
- (ii) the Purchaser

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, Phuong Ngoc Hoa, an individual, is an Independent Third Party.

Pursuant to the terms of the Phuong Provisional Agreement, the Purchaser and Phuong Ngoc Hoa will enter into a formal agreement for the acquisition of the Phuong Property on or before 11 May 2011.

Assets to be Acquired

Pursuant to the terms of the Phuong Provisional Agreement, the Purchaser will acquire the Phuong Property from Phuong Ngoc Hoa at a consideration of HK\$18,000,000. An initial deposit of HK\$900,000 was paid by the Purchaser upon signing of the Phuong Provisional Agreement and a further deposit of HK\$900,000 will be payable by the Purchaser upon signing of the formal agreement on or before 11 May 2011. A third deposit of HK\$1,800,000 will be payable by the Purchaser on or before 11 July 2011. The balance of the consideration for the Phuong Property, being HK\$14,400,000, will be paid upon completion, which is scheduled to take place on or before 30 September 2011.

The Phuong Property will be delivered with vacant possession on completion.

C) Chuang Provisional Agreement

Date

27 April 2011

Parties

- (i) Chuang Yung Hua and Lam Shun Ling Pion, as sellers
- (ii) the Purchaser

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, Chuang Yung Hua and Lam Shun Ling Pion, two individuals, are Independent Third Parties.

Pursuant to the terms of the Chuang Provisional Agreement, the Purchaser and Chuang Yung Hua and Lam Shun Ling Pion will enter into a formal agreement for the acquisition of the Chuang Property on or before 11 May 2011.

Assets to be Acquired

Pursuant to the terms of the Chuang Provisional Agreement, the Purchaser will acquire the Chuang Property from Chuang Yung Hua and Lam Shun Ling Pion at a consideration of HK\$7,000,000. An initial deposit of HK\$350,000 was paid by the Purchaser upon signing of the Chuang Provisional Agreement and a further deposit of HK\$350,000 will be payable by the Purchaser upon signing of the formal agreement on or before 11 May 2011. A third deposit of HK\$700,000 will be payable by the Purchaser on 11 July 2011. The balance of the consideration for the Chuang Property, being HK\$5,600,000 will be paid upon completion, which is scheduled to take place on or before 30 September 2011.

The parties to the Chuang Provisional Agreement have agreed that the sellers of the Chuang Property can continue to use the Chuang Property until 14 March 2012. The sellers of the Chuang Property will deposit HK\$100,000 with the Purchaser, such deposit to be returned to the sellers of the Chuang Property within seven business days of delivering vacant possession of the Chuang Property.

D) Chan Provisional Agreement

Date

27 April 2011

Parties

- (i) Chan Man Wah, as seller
- (ii) the Purchaser

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, Chan Man Wah, an individual, is an Independent Third Party.

Pursuant to the terms of the Chan Provisional Agreement, the Purchaser and Chan Man Wah will enter into a formal agreement for the acquisition of the Chan Property on or before 11 May 2011.

Assets to be Acquired

Pursuant to the terms of the Chan Provisional Agreement, the Purchaser will acquire the Chan Property from Chan Man Wah at a consideration of HK\$10,000,000. An initial deposit of HK\$500,000 was paid by the Purchaser upon signing of the Chan Provisional Agreement and a further deposit of HK\$500,000 will be payable by the Purchaser upon signing of the formal agreement on or before 11 May 2011. A third deposit of HK\$1,000,000 will be payable by the Purchaser on 11 July 2011. The balance of the consideration for the Chan Property, being HK\$8,000,000 will be paid upon completion, which is scheduled to take place on or before 30 September 2011.

The Chan Property is currently on lease at the rate of HK\$28,000 per month (excluding rates and management fees which are paid by the tenant), and is currently used for residential purposes. The lease commenced on 15 May 2009 and will expire on 14 May 2012, subject to early termination by the landlord under specified circumstances. The tenant has a right to renew the tenancy for a further two years, in which case the rental under the renewed tenancy shall not be increased by more than 10% of the rental under the current tenancy.

Based on information available to the Company in respect of the rental and other outgoings relating to the Chan Property, the net rental income which the Company estimates would have been generated from the Chan Property before and after property tax is HK\$294,000 and HK\$249,900 respectively for the period from the commencement of the tenancy to 31 March 2010, and HK\$336,000 and HK\$285,600 respectively for the year ended 31 March 2011.

E) Leung Provisional Agreement

Date

27 April 2011

Parties

- (i) Leung Oi Lin, as seller
- (ii) the Purchaser

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, Leung Oi Lin, an individual, is an Independent Third Party.

Pursuant to the terms of the Leung Provisional Agreement, the Purchaser and Leung Oi Lin will enter into a formal agreement for the acquisition of the Leung Property on or before 9 May 2011.

Assets to be Acquired

Pursuant to the terms of the Leung Provisional Agreement, the Purchaser will acquire the Leung Property from Leung Oi Lin at a consideration of HK\$13,300,000. An initial deposit of HK\$400,000 was paid by the Purchaser upon signing of the Leung Provisional Agreement and a further deposit of HK\$930,000 will be payable by the Purchaser upon signing of the formal agreement on or before 9 May 2011. The balance of the consideration for the Leung Property, being HK\$11,970,000, will be paid upon completion, which is scheduled to take place on or before 24 June 2011.

The parties to the Leung Provisional Agreement have agreed that the seller of the Leung Property can continue to use the Leung Property for a period of three months after completion. The seller of the Leung Property is required to pay all rates and management fees and all utilities expenses during this period.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group is principally engaged in property investment and development, securities investment and loan financing, and the Group currently holds various commercial, industrial and residential properties in Hong Kong.

The Properties comprise eight out of 12 units in a building situated at Nos. 301, 301A - C Prince Edward Road West, with a total saleable area of approximately 7,764 square feet. The current aggregate rental for the Properties which are subject to leases is HK\$179,000 per month.

The Properties will be used by the Group for investment purposes.

The aggregate consideration of HK\$131,300,000 for the Properties was arrived at after arm's length negotiations between the Purchaser and the Sellers and by reference to the market value of similar properties in similar locations. Based on a preliminary valuation of the Properties by independent valuers, the bare site value attributable to the Properties is approximately HK\$168,666,000 as at 27 April 2011.

The Group will fund the Acquisitions from internal resources of the Group and/or bank financing.

The Acquisitions will enable the Group to expand its property investment portfolio and increase the income stream of the Group. The Directors also consider that the Properties have potential for appreciation.

The Directors are of the view that the terms of the Provisional Agreements including the consideration are on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The applicable percentage ratios (as defined in the Listing Rules) of the Acquisitions exceed 25% but are less than 100%, and therefore the Acquisitions constitute a major transaction for the Company under Rule 14.06(3) of the Listing Rules. The Provisional Agreements and the transactions contemplated thereunder including the Acquisitions are therefore subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules.

So far as the Company is aware having made all reasonable enquiries, no Shareholder has a material interest in, and would be required to abstain from voting on, the resolution to approve the Acquisitions if the Company were to convene a general meeting for the approval of the Acquisitions.

As at the date of this announcement, Sea Rejoice Limited beneficially owns 17,429,664 Shares, representing approximately 21.95% of the issued share capital of the Company and Magical Profits Limited holds 29,179,480 Shares, representing approximately 36.74% of the issued share capital of the Company. Sea Rejoice Limited is wholly-owned by Ms. Lui Yuk Chu, the Vice President and an executive Director. Magical Profits Limited is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by Hang Seng Bank Trustee International 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, the daughter of Ms. Lui Yuk Chu and an executive Director) 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 the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, written shareholders' approval has been obtained from Sea Rejoice Limited and Magical Profits Limited. The Company will seek the approval of the Stock Exchange to accept the written shareholders' approval in lieu of the requirement to convene a general meeting of the Company to approve the Acquisitions.

GENERAL

A circular containing amongst other things further particulars of the Acquisitions will be despatched to Shareholders on or before 24 May 2011.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 10:51 a.m. on Wednesday, 27 April 2011 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on Tuesday, 3 May 2011.

DEFINITIONS

The following terms are used in this announcement with the meanings assigned to them below:-

“Acquisitions”	the proposed acquisition of the Properties by Purchaser
“Board”	the board of Directors
“Chan Property”	the Second Floor of Block A of Nos. 301, 301A-C Prince Edward Road West, Kowloon
“Chan Provisional Agreement”	the provisional sale and purchase agreement for the sale and purchase of the Chan Property, entered into between the Purchaser and Chan Man Wah
“Chuang Property”	the First Floor of Block D of Nos. 301, 301A-C Prince Edward Road West, Kowloon
“Chuang Provisional Agreement”	the provisional sale and purchase agreement for the sale and purchase of the Chuang Property, entered into between the Purchaser and Chuang Yung Hua and Lam Shun Ling Pion
“Company”	Easyknit International 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
“Friendly Bright”	Friendly Bright Development Limited, which, to the best of the Directors’ knowledge, information and belief, after having made all reasonable enquiries, is an investment holding company, and it and its ultimate beneficial owners are Independent Third Parties.

“Friendly Bright Properties”	the Ground Floor of Block A, First Floor of Block A, Ground Floor of Block B and Ground Floor of Block D of Nos. 301, 301A-C Prince Edward Road West, Kowloon
“Friendly Bright Provisional Agreement”	the provisional sale and purchase agreement for the sale and purchase of the Friendly Bright Properties, entered into between the Purchaser and Friendly Bright
“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 People’s Republic of China
“Independent Third Party”	a third party who, to the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, is independent of the Company and of connected persons (as defined in the Listing Rules) of the Company
“Leung Property”	the Second Floor of Block B of Nos. 301, 301A-C Prince Edward Road West, Kowloon
“Leung Provisional Agreement”	the provisional sale and purchase agreement for the sale and purchase of the Leung Property, entered into between the Purchaser and Leung Oi Lin
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Phuong Property”	the First Floor of Block B of Nos. 301, 301A-C Prince Edward Road West, Kowloon
“Phuong Provisional Agreement”	the provisional sale and purchase agreement for the sale and purchase of the Phuong Property, entered into between the Purchaser and Phuong Ngoc Hoa
“Properties”	the Friendly Bright Properties, the Phuong Property, the Chuang Property, the Chan Property and the Leung Property

“Provisional Agreement(s)”	the Friendly Bright Provisional Agreement, the Phuong Provisional Agreement, the Chuang Provisional Agreement, the Chan Provisional Agreement and the Leung Provisional Agreement
“Purchaser”	Hansford International Investment Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Sellers”	Friendly Bright, Phuong Ngoc Hoa, Chuang Yung Hua and Lam Shun Ling Pion, Chan Man Wah, and Leung Oi Lin
“Shareholder(s)”	holder(s) of Shares
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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.

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

Hong Kong, 29 April 2011

** For identification only*