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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 IN RELATION TO THE ACQUISITION OF PROPERTY

On 8 December 2011, Hansford and the Seller entered into a Provisional Agreement in relation to the Acquisition.

The Acquisition standing alone constitutes a discloseable transaction under Rule 14.06(2) of the Listing Rules as the applicable percentage ratios of the Acquisition exceed 5% but are less than 25%. The Acquisition is therefore subject to the reporting and announcement requirements under the Listing Rules. The Acquisition when aggregated with the acquisition of the Prince Edward Properties (details of which were set out in the Company's announcement dated 29 April 2011) still remains as a major transaction under the Listing Rules. Since the Company has complied with the major transaction requirements in respect of the completed transaction as set out in the Company's announcement dated 29 April 2011, the Company is not required to reclassify the Acquisition by aggregating it with the completed transaction.

PURCHASE OF THE PROPERTY UNIT

Reference is made to the announcement made by the Company dated 29 April 2011. Hansford acquired the Prince Edward Properties, which comprises 8 out of the 12 units in the Prince Edward Building.

On 8 December 2011, Hansford and the Seller entered into a Provisional Agreement in relation to the Acquisition. A summary of the principal terms of the Provisional Agreement is set out in this announcement.

Date of the Provisional Agreement

8 December 2011

Parties

- (1) Hansford, as the purchaser
- (2) Seller, as the seller

** for identification purposes only*

The Property Unit is registered in the name of the Seller. To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, the Seller is an investment holding company and its ultimate beneficial owners are Independent Third Party.

Pursuant to the terms of the Provisional Agreement, Hansford and the Seller will enter into a formal sale and purchase agreement for the acquisition of the Property Unit on or before 14 December 2011.

Assets

The Group has agreed to acquire the Property Unit.

Under the Provisional Agreement, the Property Unit is sold to Hansford with a tenancy upon Completion.

The Property Unit is currently on lease at an aggregate rate of HK\$15,000.00 per month (inclusive rates, government rent and management fee) and currently used for residential purpose. The tenancy commenced on 1 August 2010 and will expire on 31 July 2012.

Consideration

The consideration for the Property Unit is HK\$19,800,000.00. An initial deposit of HK\$1,000,000.00 has been paid by Hansford upon signing of the Provisional Agreement and a further deposit HK\$980,000.00 will be paid by Hansford upon signing of the formal sale and purchase agreement on or before 14 December 2011. The balance of the consideration for the Property Unit, being HK\$17,820,000.00, will be paid upon completion, which is scheduled to take place on or before 17 January 2012.

The consideration of HK\$19,800,000.00 was determined after arm's length negotiations between Hansford and the Seller and by reference to the market value of similar properties in similar locations. Based on the valuation report prepared by independent valuers, the bare site value of the Prince Edward Building is approximately HK\$253,000,000.00 as at 30 September 2011.

Source of Funding

The Group will fund the Acquisition from its internal resources.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Acquisition will enable the Group to expand its property investment portfolio and provide the Group with further potential income from property investment.

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

INFORMATION ON THE COMPANY AND HANDSFORD

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 and Singapore.

Hansford is a wholly-owned subsidiary of the Company and is principally engaged in business of property investment.

LISTING RULES IMPLICATIONS

The Acquisition standing alone constitutes a discloseable transaction under Rule 14.06(2) of the Listing Rules as the applicable percentage ratios of the Acquisition exceed 5% but are less than 25%. The Acquisition is therefore subject to the reporting and announcement requirements under the Listing Rules. The Acquisition when aggregated with the acquisition of the Prince Edward Properties (details of which are set out in the Company's announcement dated 29 April 2011) still remains as a major transaction under the Listing Rules. Since the Company has complied with the major transaction requirements in respect of the completed transaction as set out in the Company's announcement dated 29 April 2011, the Company is not required to reclassify the Acquisition by aggregating it with the completed transaction.

DEFINITIONS

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

“Acquisition”	the acquisition of the Property Unit
“Board”	the board of Directors
“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 Stock Exchange
“Completion”	completion of the formal sale and purchase agreement pursuant to the terms thereof
“Completion Date”	the date fixed for Completion pursuant to the formal sale and purchase agreement
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hansford”	Hansford International Investment Limited, a company incorporated under the laws of British Virgin Islands and a 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
“Prince Edward Properties”	collectively Ground Floor of Block A; Ground Floor of Block B; Ground Floor of Block D; 1/F of Block A, 1/F of Block B, 1/F of Block D, 2/F of Block A, 2/F of Block B of Prince Edward Building
“Prince Edward Building”	the building situated Kowloon Inland Lot No. 2320 (Nos. 301, 301A, 301B and 301C Prince Edward Road West, Kowloon, Hong Kong)
“Property Unit”	2/F of Block D, 301, 301A-C Prince Edward Road West (also known as 2/F of 301C Prince Edward West) of the Prince Edward Building
“Provisional Agreement”	a provisional sale and purchase agreement dated 8 December 2011 in relation to the Acquisition
“Seller”	Profit Choice Enterprises Limited, a company incorporated in Hong Kong with limited liability
“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, 8 December 2011

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 as non-executive director and Mr. Tsui Chun Kong, Mr. Jong Koon Sang and Mr. Hon Tam Chun as independent non-executive directors.