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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 THE SALE SHARE AND THE SALE LOAN

THE AGREEMENT

On 20 June 2012 (after trading hours), Kingbest, an indirect wholly-owned subsidiary of the Company, as the purchaser, entered into the Agreement with the Seller, pursuant to which amongst other things, Kingbest conditionally agreed to acquire, and the Seller agreed to sell the Sale Share and the Sale Loan at a total consideration of HK\$61,750,000. The Sale Share represents 100% equity interest in TEL whilst the Sale Loan represents the entire amount of shareholder's loan owing by TEL to the Seller as at the Completion Date.

Upon completion of the Acquisition, Kingbest will be the owner of 6 units out of 8 units in the Building which represents over 83.33% 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 Units 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.

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

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 only*

GENERAL

A circular containing, among other things, (i) details of the Agreement, (ii) the financial information on the Group and the TEL, (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 12 July 2012.

THE AGREEMENT

Date : 20 June 2012 (after trading hours)

Purchaser : Kingbest

Seller : an individual person who is the legal and beneficial owner of the entire issued share capital of the TEL, 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, Kingbest has conditionally agreed to acquire from the Seller the Sale Share, representing the entire issued share capital of TEL, and the Sale Loan.

TEL is legally and beneficially interested in the Properties which is a residential property located at 14 and 16 Inverness Road, Kowloon Tong, Hong Kong with a total saleable area of approximately 11,130 sq.ft. Upon completion of the Acquisition, TEL 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 TEL by, and having been completed to the satisfaction of, Kingbest 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\$61,750,000 shall be paid in cash and shall be paid as follows:

1. the deposit in the sum of HK\$20,000,000 shall be paid to the Seller upon the signing of the Agreement;

2. the further deposit of HK\$16,300,000 shall be paid to the Seller on or before 25 June 2012;
3. the further deposit of HK\$12,850,000 shall be paid to the Seller on or before 20 July 2012; and
4. the balance of HK\$12,600,000 shall be paid to the Seller upon the delivery of the audited completion account of TEL on or before 20 August 2012.

The consideration of HK\$61,750,000 was determined after arm's length negotiations between Kingbest and the Seller after taking into consideration the fair value of the Sale Share and the face value of the Sale Loan and the future development potential of the Properties.

The Group will fund the Acquisition from internal resources of the Group.

Acquisition of the Properties by TEL

On 11 June 2012 and 15 June 2012, TEL entered into 2 provisional agreements and 2 sale and purchase agreements with 4 different Property Vendors for the acquisition of a total of 6 units in the Building. The completion of all the Property Purchase Agreements is expected to be on or before 31 August 2012. The total consideration for the acquisition of the Properties under the Property Purchase Agreements is HK\$179,900,000.

TEL has paid a total of HK\$12,850,000 as deposits under the Property Purchase Agreement (representing approximately 7.14% of the total consideration under all the Property Purchase Agreements) to the Property Vendors. Upon completion of the Property Purchase Agreements on or before 31 August 2012, TEL will have to pay the balance of the consideration in the sum of HK\$167,050,000 to the Property Vendors. If the Agreement completes on the Completion Date, TEL 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 TEL.

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 investments and development, garment sourcing and export, investment in securities and loan financing.

The Group currently holds various commercial, industrial and residential properties in Hong Kong, Singapore and the PRC. TEL is the purchaser under the Property Purchase Agreements. The acquisition of Sale Share and Sale Loan of TEL will enable the Group to acquire the Properties, which represent 6 of the 8 units in the Building and represents over 83.33% 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 Units 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. The Company will issue a further announcement to inform the Shareholders

when the purchase of the Remaining Units is completed.

Based on the valuation by independent valuers, the current market value of the 100% interest of the Building on the basis of redevelopment with vacant possession is approximately HK\$239,400,000 as at 20 June 2012.

4 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-2013 and early 2014.

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

The 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 Shareholders as a whole.

Information on TEL

TEL was incorporated on 22 May 2012 and have never carried on any business save for entering into the Property Purchase Agreements. Accordingly, from the date of incorporation of TEL up until the date of the Agreement, there are no profits attributable to TEL. The net asset value of TEL as at 20 June 2012 is US\$1.00.

Its sole material assets are the 4 Property Purchase Agreements and the deposits paid and its rights under the Property Purchase Agreement. The liabilities of TEL consist of a debt (owed to the Seller) of HK\$12,850,000 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 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, 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 TEL, (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 12 July 2012.

DEFINITIONS

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

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| “Acquisition” | the proposed acquisition of the Sale Share and Sale Loan by Kingbest subject to the terms and conditions of the Agreement |
| “Agreement” | an agreement dated 20 June 2012 entered into between Kingbest and the Seller for the sale and purchase of Sale Share |
| “associates” | the meaning ascribed thereto in the Listing Rules |
| “Board” | the board of Directors |
| “Building” | the building situated at No. 14 and 16 of Inverness Road, Kowloon Tong, 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 Stock Exchange |
| “Completion” | completion of the sale and purchase of Sale Share and Sale Loan |
| “Completion Date” | the date fixed for completion of the Agreement, which is expected to be on 20 July 2012, or such other dates the parties may agree in writing |
| “Consideration” | the aggregate consideration of HK\$61,750,000 includes the amount of HK\$48,900,000 to acquire the Sale Share and the amount of HK\$12,850,000 to acquire the Sale Loan payable by Kingbest to the Seller under the Agreement |
| “Director(s)” | director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, lawful currency of Hong Kong |

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| “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 |
| “Kingbest” | Kingbest Capital Holdings Limited, a company incorporated in British Virgin Islands and is an indirect wholly-owned subsidiary 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” | collectively the First Floor and the Second Floor of No. 14 Inverness Road; and the Basement, the Ground Floor, the First Floor, Second Floor and the Roof of No. 16 Inverness Road, Kowloon Tong, Kowloon, Hong Kong |
| “Property Purchase Agreement(s)” | the 2 provisional agreements and 2 formal agreements for sale and purchase entered into between TEL 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 Units” Agreement” | basement and Ground Floor of No. 14 Inverness Road, Kowloon Tong, Kowloon, Hong Kong |
| “Sale Loan” | the entire amount of the shareholder’s loan of HK\$12,850,000 owing by TEL to the Seller as at the Completion Date |
| “Sale Share” | the one ordinary share of US\$1.00 in the share capital of TEL, which has been issued and fully paid up and which represents the entire issued share capital of TEL 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

“TEL”

Total Expect Limited, a company incorporated in British Virgin Islands, which is wholly-owned by the Seller

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

Hong Kong, 20 June 2012

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.