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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 IN RELATION TO THE ACQUISITION OF A PROPERTY BY EASYKNIT ENTERPRISES HOLDINGS LIMITED

THE ACQUISITION

The Board is pleased to announce that the Purchaser, a wholly-owned subsidiary of Easyknit Enterprises, has entered into a Provisional Agreement with a Vendor on 30 April 2014, pursuant to which, amongst other things, the Purchaser agreed to acquire, and the Vendor agreed to sell, the Target Property for a Purchase Price in the amount of HK\$236,800,000.

Easyknit Enterprises is a subsidiary of Easyknit International which has 42.0% shareholding interests in Easyknit Enterprises.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. The Acquisition and the transactions contemplated thereunder are subject to the reporting, announcement and Shareholders' approval requirements pursuant to the Listing Rules.

WRITTEN SHAREHOLDER'S APPROVAL

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 approval 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 the Company as at the date of this announcement.

A circular containing, amongst others, details of the Acquisition will be despatched to the Shareholders in accordance with the requirements of the Listing Rules on or before 23 May 2014.

**for identification only*

THE PROVISIONAL AGREEMENT

Date

30 April 2014

Parties:

- (a) The Vendor: Silver Master Limited
- (b) The Purchaser: Main Lucky Enterprises Limited

The principal business activity of the Vendor is property investment. The Purchaser is an indirect wholly-owned subsidiary of Easyknit Enterprises.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

Assets to be Acquired

Pursuant to the terms of the Provisional Agreement, the Purchaser will acquire the Target Property from the Vendor at a Purchase Price of HK\$236,800,000. An initial deposit of HK\$23,680,000 was paid by the Purchaser upon signing of the Provisional Agreement and a further deposit of HK\$23,680,000 will be payable by the Purchaser upon signing of the formal agreement on or before 14 May 2014. The balance of the Purchase Price of the Target Property, being HK\$189,440,000 will be paid upon completion, which is scheduled to take place on or before 29 August 2014. The Acquisition will be funded by the internal resources of the EE Group.

The Purchase Price was determined after arm's length negotiations after taking into account the relevant factors including market value of the comparable properties, location of the Target Property, the existing value and the redevelopment value of the Target Property.

The Target Property is preliminary valued at HK\$249,000,000 as at 28 April 2014 by Jones Lang Lasalle, an independent professional valuer. A valuation report of the Target Property performed by Jones Lang Lasalle will be contained in the circular to be despatched to the Shareholders.

The Target Property is currently leased by the Vendors to 2 tenants, the expiration of the tenancy period are May 2014 and November 2014 respectively. The tenants are all Independent Third Parties.

Based on the information provided by the Vendor, the total revenue generated from the leasing of the Target Property for each of the two financial years ended 31 March 2013 and 2014 was amounted to HK\$2,880,000.

Conditions Precedent

The Acquisition is conditional upon, among others, the passing of an ordinary resolution by the EE Shareholders at a general meeting of Easyknit Enterprises to be convened and held for the necessary resolution to approve the Provisional Agreement and the transactions contemplated thereunder.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the property investments, property development, garment sourcing and export business, loan financing and investment in securities.

The EE Group is principally engaged in the property investments, comprising the ownership and rental of investment properties, garment sourcing and export businesses, investment in securities and loan financing.

The Target Property is situated at the ground floor of the Matheson Building. The Matheson Building comprises 5 units on the first to fifth floors (approximately 83.3% of the undivided shares of the Matheson Building) and the Target Property on the ground floor. The EE Group completed the acquisition of the aforesaid 5 units in June 2012. In December 2012, the EE Group had, pursuant to section 3(1) of the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545) filed a an application to the Lands Tribunal for an order to sell all the undivided shares in that building for the purposes of redevelopment, with a view to acquiring the Target Property. The Lands Tribunal has fixed the hearing of the above from 7 to 12 May 2014.

As the softening of the Hong Kong property market in the recent months and the proximity to the hearing date in the Lands Tribunal, the owner of the Target Property agreed to sell Target Property to the Purchaser at the Purchase Price. Upon the signing of the Provisional Agreement, the EE Group and the owner of the Target Property agreed to submit the joint application of discontinuance of the aforesaid Land Compulsory Sale application.

The EE Group intends to consolidate its ownership of the entire buildings of No. 11, 13 and 15 Matheson Street, with a view of redeveloping the site. Upon the completion of the sale and purchase of the Target Property, the EE Group continues the negotiations with the owners of the properties of No. 11 and 13 Matheson Street for the purchase of their respective units.

The Directors, including the independent non-executive directors of the Company, are of the view that the terms of the Provisional Agreement are fair and reasonable, on normal commercial terms and in the interests of the Shareholders as a whole.

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WRITTEN SHAREHOLDERS' APPROVAL

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 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 and Easyknit Enterprises. 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 and Easyknit Enterprises) 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.

A circular containing, amongst other things, details of the Acquisition will be despatched to the Shareholders in accordance with the requirements of the Listing Rules on or before 23 May 2014.

DEFINITIONS

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

“Acquisition”	the acquisition of the Target Property by the Purchaser
“Board”	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 Stock Exchange
“Director(s)”	director(s) of the Company
“Easyknit Enterprises”	Easyknit Enterprises Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“EE Group”	Easyknit Enterprises and its subsidiaries
“EE Shareholder(s)”	holders of the shares of Easyknit Enterprises
“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”	Any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Matheson Building”	a building located at No. 15 Matheson Street, Causeway Bay, Hong Kong

“Provisional Agreement”	the provisional sale and purchase agreement dated 30 April 2014 was entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Target Property
“Purchase Price”	the purchase price of HK\$236,800,000 for the Target Property pursuant to the Provisional Agreement
“Purchaser”	Main Lucky Enterprises Limited, a company incorporated in Hong Kong and is a wholly-owned subsidiary of Easyknit Enterprises
“Shareholders”	holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Property”	Ground Floor of No. 15 Matheson Street, Causeway Bay, Hong Kong comprising shop A and shop B, with a total saleable area of approximately 675 sq.ft.
“Vendor”	Silver Master Limited, a company incorporated in Hong Kong with limited liability
“sq. ft.”	square feet
“%”	per cent.

By Order of the Board
EASYKNIT INTERNATIONAL HOLDINGS LIMITED
Kwong Jimmy Cheung Tim
President and Chief Executive Officer

Hong Kong, 30 April 2014

As at the date hereof, the Board of EI Directors comprises Mr. Kwong Jimmy Cheung Tim, Ms. Lui Yuk Chu and Ms. Koon Ho Yan Candy as executive directors, Mr. Tse Wing Chiu Ricky and Mr. Lai Law Kau as non-executive directors; and Mr. Tsui Chun Kong, Mr. Jong Koon Sang and Mr. Hon Tam Chun as independent non-executive directors.