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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 ACQUISITION OF LISTED SECURITIES

The Group acquired 3,999,360 shares of iShares FTSE A50 on 18 January 2016 which is the final valuation date of the ELN of iShares FTSE A50.

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, as one of the applicable percentage ratios exceeds 5% but is less than 25%.

THE ACQUISITION

With reference to the Company's announcement dated 9 November 2015, the Group, through its wholly-owned subsidiary, purchased an ELN of iShares FSTE A50 for a principal amount of HK\$40,000,000 on 4 November 2015. Since the closing share price of iShares FTSE A50 on the final valuation date is HK\$9.00 which was below the strike price of the ELN, the Group is obligated to acquire the 3,999,360 shares of iShares FSTE A50 at the strike price according to the terms of the ELN.

Summary of ELN Terms

- | | |
|--------------------------|------------------------|
| 1. Trade date: | 4 November 2015 |
| 2. Issuer: | Hang Seng Bank Limited |
| 3. Linked equity | iShares FTSE A50 |
| 4. Principal amount: | HK\$40,000,000 |
| 5. Issue price: | HK\$11.20 |
| 6. Strike price: | HK\$10.0016 |
| 7. Final valuation date: | 18 January 2016 |
| 8. Maturity date: | 21 January 2016 |

REASONS AND BENEFITS OF THE ACQUISITION

The Group's principal activities are property investment, property development, investment in securities and loan financing.

** for identification purposes only*

The ELN has a coupon rate of 15% per annum and the Company has received a total of HK\$1,000,000 interest up to the maturity date. For the Acquisition, the Group shall have an unrealised loss of approximately HK\$4,006,000 on the maturity of the ELN (which is calculated from the difference between the closing price at the final valuation date and the strike price of 3,999,360 shares); but the Directors believe that the Acquisition in the long run is in themselves an attractive investment likely to yield attractive returns.

As the Acquisition was made on the market, the Company is not aware of the identities of the sellers of the iShares FTSE A50. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the sellers of the shares of iShares FTSE A50s and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

The Directors (including the non-executive Directors) are of the view that the Acquisition is fair and reasonable, on a normal commercial terms, and in the interest of the Company and its Shareholders as a whole.

INFORMATION ON iSHARES FTSE A50

iShares FTSE A50 is the second index fund of a trust known as iShares Asia Trust. It is a fund to track the performance of FTSE Index quoted in RMB and its fund manager is BlackRock Asset Management North Asia Limited. iShares FTSE A50 are listed and traded on the main board of the Stock Exchange (stock code: 2823).

The following information is extracted from the 2014 annual report of iShares FTSE A50:

	For the year ended 31 December	
	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Revenue	39,008,078,666	(5,186,934,908)
Profit / (Loss) before taxation	37,293,192,585	(6,929,959,230)
Net profit / (loss) after taxation attributable to unitholders of iShares FTSE A50	37,076,495,889	(7,107,071,701)

LISTING RULES IMPLICATIONS

As certain size percentage ratios (as set out in Rule 14.07) of the Listing Rules of the Acquisition exceeds 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As at the date of this announcement and to the best of the Directors' knowledge, information and belief, there is no Shareholder who has a material interest in the Acquisition.

DEFINITIONS

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

“Acquisition” the acquisition on 18 January 2016 by the Company, through its wholly-owned subsidiary of 3,999,360 shares of iShares FTSE A50 on the final valuation date of the ELN

“Board”	the 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 main board of Stock Exchange
“Director(s)”	director(s) of the Company
“ELN”	an equity linked note issued by Hang Seng Bank Limited issued to Ace Winner Investment Limited, a wholly-owned subsidiary of the Company
“discloseable transaction”	as defined in the Listing Rules
“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 PRC
“iShares FTSE A50”	iShares FTSE A50 China Index ETF and its units are listed on the main board of Stock Exchange (stock code: 2823). iShares FTSE A50 is the second index fund of a trust known as iShares Asia Trust; and BlackRock Asset Management North Asia Limited is the fund manager
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	as defined in the Listing Rules
“PRC”	the People’s Republic of China
“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

“0%”

per cent

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

Hong Kong, 21 January 2016

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 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.