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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 ON MATURITY OF EQUITY LINKED NOTE

The Group acquired 3,988,016 shares of China A50 on 18 February 2016 which is the final valuation date of the ELN of China A50.

As certain applicable percentage ratios of the Listing Rules of each of the 2nd Transaction and Aggregate Acquisitions exceeds 5% but less than 25% which constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

The Group has acquired the 1st Transaction on 30 June 2015 for a total consideration of HK\$7,500,000.

2ND TRANSACTION

With reference to the Company's announcement dated 8 December 2015, the Group, through its wholly-owned subsidiary, purchased an ELN of China A50 for a principal amount of HK\$46,000,000 on 4 December 2015. Since the closing share price of China A50 on the final valuation date is HK\$10.58 which was below the strike price of the ELN, the Group is obligated to acquire the 3,988,016 shares of China A50 at the strike price according to the terms of the ELN.

Summary of ELN Terms

- | | |
|--------------------------|------------------------|
| 1. Trade date: | 4 December 2015 |
| 2. Issuer: | Hang Seng Bank Limited |
| 3. Linked equity | China A50 |
| 4. Principal amount: | HK\$46,000,000 |
| 5. Issue price: | HK\$12.96 |
| 6. Strike price: | HK\$11.5344 |
| 7. Final valuation date: | 18 February 2016 |
| 8. Maturity date: | 23 February 2016 |

** for identification purposes only*

REASONS AND BENEFITS OF THE 2ND TRANSACTION

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

The ELN has a coupon rate of 15% per annum and the Company has received a total of HK\$1,150,000 interest up to the maturity date. For the 2nd Transaction, the Group shall have an unrealised loss of approximately HK\$3,806,000 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 3,988,016 shares); but the Directors believe that the 2nd Transaction in the long run is in themselves an attractive investment likely to yield attractive returns.

As the 2nd Transaction was made on the market, the Company is not aware of the identities of the sellers of the China 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 China A50 and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

AGGREGATE ACQUISITIONS

To aggregate the acquisitions of the 1st Transaction and 2nd Transaction, a total of 4,488,016 shares of China A50 was acquired for a total consideration of HK\$53,510,000.

The Directors (including the non-executive Directors) are of the view that each of the 2nd Transaction and the Aggregate Acquisitions is fair and reasonable, on a normal commercial terms, and in the interest of the Company and its Shareholders as a whole.

INFORMATION ON CHINA A50

China A50 aims to provide investment results that, before fees and expenses, closely correspond to the performance of FTSE China A50 Index, which is an index consisting the top 50 A-Share companies by market capitalization listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange. The ETF is one of the first RMB physical A-share exchange traded funds issued outside PRC to invest directly in the A-share market which is inherently a market with restricted access.

The following information is extracted from the interim and annual reports of China A50:

	For the six months ended 30 June 2015	For the year ended 31 December	
	<i>RMB million</i>	2014	2013
		<i>RMB million</i>	<i>RMB million</i>
Revenue	3,937,912,493	17,245,537,171	(2,234,354,889)
Profit / (Loss) before taxation	3,728,143,764	16,852,571,924	(2,446,076,344)
Net profit / (loss) after taxation attributable to unitholders of China A50	3,708,195,045	16,809,880,520	(2,409,602,316)
Total assets	25,403,667,066	31,306,220,328	21,065,254,940

LISTING RULES IMPLICATIONS

As certain size percentage ratios (as set out in Rule 14.07) of the Listing Rules of each of the 2nd Transaction and the Aggregate Acquisitions exceeds 5% but are less than 25%, therefore each of the 2nd Transaction and the Aggregate Acquisitions 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 2nd Transaction and the Aggregate Acquisitions.

DEFINITIONS

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

“1st Transaction”	the Group, through its wholly-owned subsidiary, acquired on the market 500,000 shares of China A50 on 30 June 2015 for a purchase price of HK\$75,000,000 (exclusive of transaction costs)
“2nd Transaction”	the acquisition by the Company, through its wholly-owned subsidiary of 3,988,016 shares of China A50 on 18 February 2016 (i.e. the final valuation date of the ELN)
“Aggregate Acquisitions”	the aggregate acquisitions of the 1st Transaction and 2nd Transaction
“Board”	the board of Directors
“China A50”	CSOP FTSE China A50 ETF, its units are listed on the main board of Stock Exchange (stock code: 2822) and traded in Hong Kong dollars
“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 to Mark Profit Development 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
“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
“%”	per cent

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

Hong Kong, 24 February 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.