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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

AGGREGATE PURCHASE OF EQUITY LINKED NOTE OF PING AN INSURANCE (GROUP) CO. OF CHINA LIMITED

Further to the Company's announcement dated 16 September 2015 relating to 1st Transaction, the Group, through its wholly-owned subsidiary, purchase 2 ELNs of PAI for an aggregate principal amount of HK\$79,000,000 on 3 May 2016 and 5 May 2016.

Certain applicable percentage ratios under Chapter 14 of the Listing Rules in relation to the Aggregate Acquisitions which exceeds 25% but are less than 100%. Accordingly, the Aggregate Acquisitions constitute a major transaction of the Company which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE ACQUISITIONS

Reference was made to the Company's discloseable transaction announcement dated 16 September 2015 relating to the 1st Transaction. The Group, through its wholly-owned subsidiary, purchased the 2nd ELN and the 3rd ELN of PAI for an aggregate principal amount of HK\$79,000,000.

(1) Major Terms of ELN of the 2nd Transaction

- | | | |
|-----|-----------------------------------|------------------------|
| 1. | Trade date: | 3 May 2016 |
| 2. | Issuer: | Hang Seng Bank Limited |
| 3. | Linked equity | PAI |
| 4. | Principal amount: | HK\$29,000,000 |
| 5. | Issue price: | HK\$36.00 |
| 6. | Strike price: | HK\$32.0832 |
| 7. | Tenor: | 2 months |
| 8. | 1 st Observation date: | 17 June 2016 |
| 9. | 2 nd Observation date: | 18 July 2016 |
| 10. | Coupon rate: | 15.12% per annum |

** for identification purposes only*

(2) Major Terms of ELN of the 3rd Transaction

1.	Trade Date:	5 May 2016
2.	Issuer:	J.P. Morgan Structured Products B.V.
3.	Linked equity	PAI
4.	Principal amount:	HK\$50,000,000
5.	Issue price:	HK\$35.50
6.	Strike price:	HK\$31.6980
7.	Tenor:	2 months
8.	1 st Observation date:	20 June 2016
9.	2 nd Observation date:	19 July 2016
10.	Coupon rate:	15.12% per annum

ELNs are designated as financial assets at fair value gain through profit or loss. The ELN is subject to mandatory redemption clause at a strike price until maturity dates depending on the market price of the PAI Share underlying the ELN.

ELN has two payoff possibilities of which the Company shall receive the full face value of the ELN and the coupon on the fixing date (i.e. 1st observation date and/or 2nd observation date) if the underlying stock price closes at or above the strike price of the embedded option. Conversely if the underlying stock price closes below the strike price of the embedded option, the Company will be obliged to take delivery of the underlying shares at the strike price. The number of shares to be received on maturity is calculated by dividing the ELN's full face value by the strike price of the embedded put option.

The maximum risk exposure of the Company is at the time when the Company is obliged to take delivery of the underlying shares at the strike price, and the total amount of the funds for the acquisition of the underlying shares is limited to the principal amount of the ELN.

Principal Amount

The principal amount of the Acquisitions shall be paid on 17 May 2016 and 19 May 2016 respectively, and be satisfied in cash from internal resources of the Company.

AGGREGATE ACQUISITIONS

The aggregate principal amount of the Aggregate Acquisitions is HK\$119,000,000.

REASONS AND BENEFITS OF THE PURCHASE OF ELN

The Group's principal activities are property investment, property development, securities investment and money lending.

The Directors has a view that ELN is one of the investment options that can earn potentially higher interest income (in the form of interest rates) than normal market deposit; and ELN does not have any brokerage charges and clearing fees on the purchase of the underlying shares until the time when the underlying shares are delivered. By capitalising on share movements, it is an opportunity to maximise market opportunities by earning more attractive interest rate, moreover, ELN has a flexible choice in terms of the share counters and tenors.

Having considered the above factors and the terms of ELN, the present market conditions of the stock market and the track record of PAI, the Directors (including the independent non-executive Directors) are of the view that the Acquisition is fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON PAI

According to publicly available information, PAI is a company incorporated in the PRC and the shares of which are listed and traded on the main board of the Stock Exchange (stock code: 2318). PAI is principally engaged in the provision of life insurance, property and casualty insurance, banking and other financial services.

The following information is extracted from the public documents of PAI:

	For the three months ended 31 March 2016	For the year ended 31 December	
	<i>RMB million</i>	2015 <i>RMB million</i>	2014 <i>RMB million</i>
Revenue	224,477	693,220	530,020
Profit before taxation	27,348	93,413	62,353
Net profit after taxation attributable to shareholders of PAI	20,700	54,203	39,279
Total assets	5,006,993	4,765,159	4,005,911

LISTING RULES IMPLICATIONS

As the highest applicable Percentage Ratio calculated under Rule 14.07 of the Listing Rules in respect of the Aggregate Acquisitions is more than 25% but less than 100%, the Aggregate Acquisitions constitutes a major transaction for the Company, which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

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 have been obtained from Sea Rejoice Limited and Magical Profits Limited on the Aggregate Acquisitions and/or the obligations to take delivery of the underlying shares of PAI at the strike price on the fixing date. Sea Rejoice Limited and Magical Profits Limited are 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 The Winterbotham Trust Company Limited as the 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 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 Aggregate Acquisitions.

A circular containing, among other things, details of the Aggregate Acquisitions is expected to be despatched to the Shareholders on or before 1 June 2016 in accordance with the Listing Rules.

DEFINITIONS

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

“1st Transaction”	the purchase by the Group an ELN of PAI for a principal amount of HK\$40,000,000 as mentioned in the Company’s announcement dated 16 September 2015
“2nd Transaction”	the purchase by the Group, through its wholly-owned subsidiary, of an ELN of PAI for a principal amount of HK\$29,000,000 on 3 May 2016
“3rd Transaction”	the purchase by the Group, through its wholly-owned subsidiary, of an ELN of PAI for principal amount of HK\$50,000,000 on 5 May 2016
“2nd ELN”	an equity linked note issued by Hang Seng Bank Limited to Ace Winner Investment Limited, a wholly-owned subsidiary of the Company
“3rd ELN”	an equity linked note issued by J.P. Morgan Structured Products B.V. to Ace Winner Investment Limited, a wholly-owned subsidiary of the Company
“Acquisitions”	the aggregate of 2nd Transaction and 3rd Transaction
“Aggregate Acquisitions”	the aggregate transactions of 1st Transaction, 2nd Transaction and 3rd Transaction
“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
“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
“major transaction”	as defined in the Listing Rules
“PAI”	Ping An Insurance (Group) Co. of China Limited, the shares of which are listed on the main board of Stock Exchange (stock code: 2318)

“PAI Share”	overseas listed foreign shares of RMB1.00 each in the share capital of PAI which are listed on the Stock Exchange and traded in Hong Kong dollars
“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, 11 May 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.