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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 PURCHASE OF EQUITY LINKED NOTE OF INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED

The Group, through its wholly-owned subsidiary, purchased an ELN of ICBC for a principal amount of HK\$53,000,000 on 30 June 2016.

The Acquisition standing alone constitutes a discloseable transaction under Rule 14.06(2) of the Listing Rules as the certain applicable percentage ratios of the Acquisitions exceed 5% but are less than 25%. The Acquisition is therefore subject to the reporting and announcement requirements under the Listing Rules. The Acquisition when aggregated with the Previous Acquisitions (details of which were set out in the Company's announcement dated 10 December 2015) still remains as a major transaction under the Listing Rules. Since the Company has complied with the major transaction requirements in respect of the completed transaction as set out in the Company's announcement dated 10 December 2015, the Company is not required to reclassify the Acquisition by aggregating it with Previous Acquisitions.

THE ACQUISITION

Reference is made to the Company's announcement dated 10 December 2015 relating to the Previous Acquisitions of which the Group purchased 2 ELNs of ICBC for an aggregate amount of HK\$80,000,000 during the period from 11 November 2015 to 9 December 2015.

On 30 June 2016, the Group, through its wholly-owned subsidiary, purchased an ELN of ICBC for a principal amount of HK\$53,000,000.

Major Terms of ELN

1.	Trade date:	30 June 2016
2.	Issuer:	J.P. Morgan Structured Products B.V.
3.	Linked equity	ICBC
4.	Principal amount:	HK\$53,000,000
5.	Issue price:	HK\$4.276
6.	Strike price:	HK\$4.007
7.	Tenor:	2 months
8.	1 st Observation date:	15 August 2016
9.	2 nd Observation date:	15 September 2016
10.	Coupon rate:	15% per annum

* for identification purposes only

ELN 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 ICBC 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 interest 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 Acquisition shall be paid on 15 July 2016 and be satisfied in cash from internal resources of the Company.

REASONS AND BENEFITS OF THE PURCHASE OF ELN

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

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 ICBC, 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 ICBC

ICBC is a joint-stock company incorporated in the PRC with limited liability and the H shares of which are listed on the main board of the Stock Exchange (Stock Code: 1398). According to its company profile made available on the internet, ICBC provides corporate and personal banking, treasury operations, investment banking, asset management, trust, financial leasing and other financial services.

The following information is extracted from the third quarter and annual reports of ICBC:

	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	168,992	668,733	634,858
Profit before taxation	97,922	363,235	361,612
Net profit after taxation attributable to shareholders of ICBC	74,764	277,131	275,811
Total assets	22,883,325	22,209,780	20,609,953

LISTING RULES IMPLICATIONS

The Acquisition standing alone constitutes a discloseable transaction under Rule 14.06(2) of the Listing Rules as the certain applicable percentage ratios of the Acquisitions exceed 5% but are less than 25%. The Acquisition is therefore subject to the reporting and announcement requirements under the Listing Rules. The Acquisition when aggregated with the Previous Acquisitions (details of which were set out in the Company's announcement dated 10 December 2015) still remains as a major transaction under the Listing Rules. Since the Company has complied with the major transaction requirements in respect of the completed transaction as set out in the Company's announcement dated 10 December 2015, the Company is not required to reclassify the Acquisition by aggregating it with Previous Acquisitions.

DEFINITIONS

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

“Acquisition”	the purchase by the Group, through its wholly-owned subsidiary, of an ELN of ICBC for a principal amount of HK\$53,000,000 on 30 June 2016
“Aggregate Acquisition”	the aggregate transaction of the Acquisition and the Previous Acquisitions
“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
“discloseable transaction”	as defined in the Listing Rules
“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
“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
“ICBC”	Industrial and Commercial Bank of China Limited, a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the main board of the Stock Exchange (Stock code: 1398)
“ICBC Shares”	shares with a par value of HK\$1.00 each in the share capital of ICBC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“major transaction”	as defined in the Listing Rules
“percentage ratios”	as defined in the Listing Rules
“PRC”	the People’s Republic of China
“Previous Acquisitions”	the purchase of 2 ELNs of ICBC during the period from 11 November 2015 to 9 December 2015 for an aggregate principal amount of HK\$80,000,000, details were set out in the Company’s circular dated 8 January 2016; on the respective fixing dates a total of 11,007,100 ICBC Shares were taken up as the market price of ICBC Shares was lower than the strike price, details were set out in the Company’s circular dated 22 March 2016
“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, 6 July 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.