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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 CSOP FTSE CHINA A50 ETF

On 21 September 2016, the Group, through its wholly-owned subsidiary, purchase an ELN of China A50 for a principal amount of HK\$50,000,000.

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

THE ACQUISITION

On 21 September 2016, the Group, through its wholly-owned subsidiary, purchase an ELN of China A50 for a principal amount of HK\$50,000,000.

Major Terms of ELN

- | | | |
|-----|-----------------------|-------------------|
| 1. | Trade Date: | 21 September 2016 |
| 2. | Issuer: | HSBC Holdings plc |
| 3. | Linked equity | China A50 |
| 4. | Principal amount: | HK\$50,000,000 |
| 5. | Issue price: | HK\$11.38 |
| 6. | Strike price: | HK\$11.1433 |
| 7. | Tenor: | 2 months |
| 8. | 1st Observation date: | 7 November 2016 |
| 9. | 2nd Observation date: | 5 December 2016 |
| 10. | Coupon rate: | 15% per annum |

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 China A50 share underlying the ELN.

** for identification purposes only*

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 5 October 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 China A50, 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 CHINA A50

China A50 aims to provide investment results that, before fees and expenses, closely correspond to the performance of 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 2016 RMB	For the year ended 31 December 2015 RMB	2014 RMB
Revenue	(2,046,696,231)	1,823,251,725	17,245,437,171
Profit before taxation	(2,178,875,487)	1,434,697,013	16,852,571,924
Net profit after taxation attributable to shareholders of China A50	(2,201,649,652)	1,435,796,726	16,809,880,520
Total assets	21,832,807,271	18,448,114,925	31,306,220,328

LISTING RULES IMPLICATIONS

As one of the size percentage ratios (as set out in Rule 14.07) of the Listing Rules of the Acquisition exceeds 5% but is 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”	On 21 September 2016, the Group, through its wholly-owned subsidiary, purchase an ELN of China A50 for a principal amount of HK\$50,000,000
“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
“discloseable transaction”	as defined in the Listing Rules
“ELN”	an equity linked note issued by HSBC Holdings plc issued to Coconut King 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
“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, 22 September 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.