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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 PURCHASE OF LISTED SECURITIES OF HONG KONG EXCHANGES AND CLEARING LIMITED

Further to the Company's discloseable transaction announcement dated 17 October 2016 relating to the Previous Acquisition, the Group, through its wholly-owned subsidiary, acquired on the market of 632,700 HKEx Shares for an aggregate purchase price of approximately HK\$127,800,000 (exclusive of transaction costs) during the period from 9 November 2016 to 30 November 2016.

The Acquisition constitutes a major transaction under Rule 14.06(2) of the Listing Rules as one of the applicable percentage ratios of the Acquisition exceeds 25% but are less than 100%. The Acquisition aggregate with the Previous Acquisition remains a major transaction, therefore the Acquisition 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 17 October 2016 relating to the Previous Acquisition of which the Group purchased 357,700 HKEx Shares for an aggregate purchase price of approximately HK\$74,076,000 (exclusive of transaction costs) during the period from 5 October 2016 to 12 October 2016.

The Board is pleased to announce that the Group, through its wholly-owned subsidiary, acquired on-market the HKEx Shares during the period from 9 November 2016 to 30 November 2016, at the price between HK\$198.60 and HK\$204.20 per HKEx Shares (exclusive of transaction costs). The average price (exclusive of transaction costs) for the acquisition of each HKEx Shares was approximately HK\$201.99 and the aggregate purchase price (exclusive of transaction costs) is approximately HK\$127,800,000, which was the market price of the HKEx Shares paid in cash from the internal resources of the Company.

As the Acquisition was made through the market and settled by the internal resources of the Company, the Company was not aware of the identities of the sellers of the HKEx Shares and accordingly, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the sellers of the HKEx Shares are Independent Third Parties.

** for identification purposes only*

REASONS AND BENEFITS OF THE ACQUISITIONS

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

Having considered the recent performance of HKEx, the Company considers that the acquisition of HKEx Shares are attractive investment and can enhance the returns on cash for the Company.

As the Acquisition was made at market price, the Directors (including the independent non-executive Directors) are of the view that the Acquisition was fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON HKEX

According to publicly available information, HKEx is a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 388). According to its company profile available on the internet, HKEx is the holding company of the Stock Exchange, Hong Kong Futures Exchange Limited and Hong Kong Securities Clearing Company Limited and brings together the market organisations which have transformed Hong Kong's financial services industry from a domestically focused market to become a central market place in Asia attracting investment funds from all over the world. HKEx was listed in June 2000 following the integration of Hong Kong's securities and derivatives markets. HKEx services comprise trading, clearing and settlement, depository and nominee services, and information services.

The following information is extracted from the quarterly result and annual report of HKEx:

	For the nine months ended 30 September	For the year ended 31 December	
	2016	2015	2014
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
Revenue	8,478	13,375	9,849
Profit before taxation	5,314	9,278	6,038
Net profit after taxation attributable to shareholders of HKEx	4,528	7,956	5,165
Total assets	216,491	238,193	251,860

LISTING RULES IMPLICATIONS

The Acquisition constitutes a major transaction under Rule 14.06(2) of the Listing Rules as one of the applicable percentage ratios of the Acquisition exceeds 25% but are less than 100%. The Acquisition aggregate with the Previous Acquisition remains a major transaction, therefore the Acquisition 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 Acquisition. 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 Acquisition.

A circular containing, among other things, details of the Acquisition is expected to be despatched to the Shareholders on or before 28 December 2016 in accordance with the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of an aggregate of 632,700 HKEx Shares for a consideration of approximately HK\$127,800,000 by the Group during the period from 9 November 2016 to 30 November 2016
“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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKEx”	Hong Kong Exchanges and Clearing Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 388)

“HKEx Shares”	shares with a par value of HK\$1.00 each in the share capital of HKEx
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third party(ies) independent of the Company and connected persons of the Company
“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 Acquisition”	the purchase of 357,700 HKEx Shares during the period from 5 October 2016 to 12 October 2016 for an aggregate purchase price of approximately HK\$74,076,000 (exclusive of transaction costs), details were set out in the Company’s announcement dated 17 October 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, 5 December 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.