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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 AGRICULTURAL BANK OF CHINA LIMITED

On 5 May 2017, the Group, through its wholly-owned subsidiary, purchase an ELN of ABC for a principal amount of HK\$35,000,000.

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

THE ACQUISITION

On 5 May 2017, the Group, through its wholly-owned subsidiary, purchase an ELN of ABC for a principal amount of HK\$35,000,000.

Major Terms of ELN

- | | |
|--------------------------|---|
| 1. Trade date: | 5 May 2017 |
| 2. Issuer: | The Hongkong and Shanghai Banking Corporation |
| 3. Linked equity: | ABC |
| 4. Principal amount: | HK\$35,000,000 |
| 5. Issue price: | HK\$3.480 |
| 6. Strike price: | HK\$3.2907 |
| 7. Tenor: | 2 months |
| 8. 1st Observation date: | 19 June 2017 |
| 9. 2nd Observation date: | 19 July 2017 |
| 10. Coupon rate: | 15.25% per annum |

Save as the aforementioned, the Group does not have any ELN of ABC outstanding as at the date of this announcement.

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 ABC 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 19 May 2017 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, residential property development, securities investment and loan financing 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 ABC, 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 ABC

According to publicly available information, ABC 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: 1288). According to its company profile made available on the internet, ABC provides Renminbi and foreign currency deposits, loans, clearing and settlement services, assets custody services, fund management, financial leasing services, insurance services and other services as approved by relevant regulators, and the provision of related services by its overseas establishments as approved by the respective local regulators.

The following information is extracted from the published documents of ABC:

	For the three months ended 31 March 2017	For the year ended 31 December	
	<i>RMB million</i>	2016	2015
		<i>RMB million</i>	<i>RMB million</i>
Revenue	149,475	510,128	540,862
Profit before taxation	68,944	226,624	230,857
Net profit after taxation attributable to shareholders of ABC	55,710	183,941	180,582
Total assets	20,323,984	19,570,061	17,791,393

LISTING RULES IMPLICATIONS

As certain applicable percentage ratio (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:

“ABC”	Agricultural 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: 1288)
“ABC Share”	overseas listed foreign shares of RMB1.00 each in the issued share capital of ABC, listed on the main board of the Stock Exchange and traded in Hong Kong dollars
“Acquisition”	on 5 May 2017, the Group, through its wholly-owned subsidiary, purchase an ELN of ABC for a principal amount of HK\$35,000,000
“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 The Hongkong and Shanghai Banking Corporation 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
“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
Tse Wing Chiu Ricky
President and Chief Executive Officer

Hong Kong, 10 May 2017

As at the date hereof, the Board comprises Mr. Tse Wing Chiu Ricky, Ms. Lui Yuk Chu and Ms. Koon Ho Yan Candy as executive directors; and Mr. Tsui Chun Kong, Mr. Jong Koon Sang and Mr. Hon Tam Chun as independent non-executive directors.