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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 AND AGGREGATE VERY SUBSTANTIAL ACQUISITIONS

THE AGREEMENT

On 5 July 2017, GCHL, an indirect wholly-owned subsidiary of the Company, as the purchaser, entered into the Agreement with the Seller, pursuant to which amongst other things, GCHL conditionally agreed to acquire, and the Seller agreed to sell the Remaining Unit of the Building at a consideration of HK\$41,800,000 (“**2nd Acquisition**”).

As the applicable percentage ratios of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(3) of the Listing Rules, and is therefore subject to the reporting and announcement under the Listing Rules.

Pursuant to the Company’s major transaction announcement dated 13 April 2017 relating to the purchase of Properties of the Building by acquiring the sale share and sale loan of GCHL, the total cost for the completion of the acquisition of GCHL and the Properties were HK\$332,080,643.50 and were taken place on 23 June 2017 and 28 June 2017 respectively (“**1st Acquisition**”).

As the applicable percentage ratios of the total consideration on the aggregate of the 1st Acquisition and 2nd Acquisition which exceeds 100% and therefore the Aggregate Acquisitions will classify as a very substantial acquisition for the Company and is subject to reporting, announcement and Shareholders’ approval requirements under the Listing Rules.

GENERAL

The SGM will be convened and held to consider and, if thought fit, approve the Aggregate Acquisitions and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the 2nd Acquisition and the Aggregate Acquisitions; (ii) financial information on the Enlarged Group; and (iii) independent property valuation report of the Remaining Unit and the Properties, together with a notice convening the SGM is expected to be despatched to the Shareholders on or before 11 August 2017 as additional time is required to prepare the financial information of the Enlarged Group.

INTRODUCTION

Pursuant to the Company's major transaction announcements dated 13 April 2017 relating to the acquisition of the Properties via the acquisition of the sale share and sale loan of GCHL, the total cost for the completion of the acquisition of GCHL and the Properties were HK\$332,080,643.50 and were taken place on 23 June 2017 and 28 June 2017 respectively ("**1st Acquisition**")

As at the date of the announcement, the Group, via its GCHL, is the owner of the Properties, i.e. 11 units of the Building which represent 91.67% of the undivided shares of the Building (as contemplated by section 3(1) of the Ordinance).

The Building was completed in 1956 and is erected on a site with a registered site area of 10,500 sq.ft. which comprises a 3-storey residential building with 12 units.

On 5 July 2017, GCHL, an indirect wholly-owned subsidiary of the Company, as the purchaser, entered into the Agreement with the Seller, pursuant to which amongst other things, GCHL conditionally agreed to acquire, and the Seller agreed to sell the Remaining Unit of the Building at a total consideration of HK\$41,800,000 ("**2nd Acquisition**").

THE AGREEMENT

Date : 5 July 2017

Purchaser : GCHL

Seller : Ms. Chan, an individual person, being the Seller

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Seller is an Independent Third Party. Save for the Agreement, there was no arrangements between the Company and the Seller in relation to the Agreement.

Assets to be acquired

Pursuant to the Agreement, amongst other things, GCHL has conditionally agreed to purchase from the Seller the Remaining Unit.

The Seller is the registered owner of the Remaining Unit with a total saleable area of approximately 1,647 sq. ft.

Condition precedent

Completion of the Agreement is conditional upon the fulfillment of the following conditions on or prior to the Completion Date:

1. the Agreement and the transactions contemplated herein duly approved by the shareholders' meeting of the Company in accordance with the Listing Rules;
2. no event having occurred which in the reasonable opinion of GCHL could be construed as being capable of preventing completion of the Agreement, or which could frustrate or make illegal or impossible the completion of the Agreement or make any of them unenforceable; and

3. the warranties provided by the Seller under the Agreement remain true and accurate in all respects.

Consideration

The Consideration for the 2nd Acquisition is HK\$41,800,000 shall be paid in cash and shall be paid as follows:

1. initial deposit in the sum of HK\$100,000 shall be paid to the Seller upon the signing of the Agreement;
2. further deposit in the sum of HK\$4,080,000 shall be paid to the Seller on or before 20 July 2017; and
3. the balance of HK\$37,620,000 shall be paid to the Seller upon Completion.

The consideration of HK\$41,800,000 was determined after arm's length negotiations between GCHL and the Seller; and GCHL has been taken into account of the following factors but without limitation to the :

1. the Group, via GCHL, is the owner of 11 units;
2. the preliminary indication by an independent property valuer on the site value of 100% interests of the Building site with vacant possession is HK\$350,000,000; and
3. the potential for the redevelopment to a residential building.

The Group will fund the 2nd Acquisition from the internal resources and/or bank facilities.

AGGREGATE ACQUISITIONS

The aggregate purchase price for the acquisition of the 1st Acquisition and 2nd Acquisition is HK\$373,880,643.50.

REASONS FOR AND BENEFITS OF THE AGGREGATE ACQUISITIONS

The Group's principal businesses are in property investment, property development, securities investment and loan financing business.

The Group currently holds various commercial, industrial and residential properties in Hong Kong.

As at the date of this announcement, the Group via GCHL, the wholly-owned subsidiary of the Company, owned 11 units out of 12 units of the Building.

The Group acquires the Remaining Unit so as to be the owner of the whole Building and may contemplate to redevelop if and when the Directors consider market sentiment to be appropriate.

The Directors are of the view that for the potential in future development of the site into a residential building, the aggregate for the 1st Acquisition and consideration of the 2nd Acquisition and the transactions contemplated herein is in the interests of the Group and is on normal commercial terms, which are fair and reasonable and in the interests of the Shareholders as a whole.

INFORMATION OF THE SELLER AND THE PURCHASER

The Seller is an individual person and is the registered owner of the Remaining Unit.

The purchaser is GCHL, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company. Its sole assets are the Properties.

IMPLICATIONS UNDER THE LISTING RULES

The applicable percentage ratios of the 2nd Acquisition exceed 5% but are less than 25%, the 2nd Acquisition which constitutes a discloseable transaction for the Company under Rule 14.06(3) of the Listing Rules, but when aggregates the consideration for the 1st Acquisition and 2nd Acquisition, the applicable percentage ratios exceed 100% for the Company and therefore the Aggregate Acquisitions shall classify as a very substantial acquisition and is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

GENERAL

The SGM will be convened and held to consider and, if thought fit, approve the Aggregate Acquisitions and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the 2nd Acquisition and Aggregate Acquisitions; (ii) financial information on the Enlarged Group; and (iii) independent property valuation report of the Remaining Unit and the Properties, together with a notice convening the SGM is expected to be despatched to the Shareholders on or before 11 August 2017 as additional time is required to prepare the financial information of the Enlarged Group.

DEFINITIONS

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

“1st Acquisition”	the acquisition of Properties via the purchase of the sale share and sale loan of GCHL for a consideration of HK\$332,080,643.50, details of which are set in the Company’s announcement dated 13 April 2017
“2nd Acquisition”	the proposed acquisition of the Remaining Unit for a consideration of HK\$41,800,000 subject to the terms and conditions of the Agreement
“Aggregate Acquisitions”	to aggregate the transactions of the 1st Acquisition and 2nd Acquisition
“Agreement”	a provisional sale and purchase agreement dated 5 July 2017 entered into between GCHL and the Seller for the sale and purchase of Remaining Unit
“associates”	the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Building”	the building is situated at Nos. 93, 93A, 95 and 95A Waterloo Road, Kowloon, Hong Kong with a total of 12 units
“Company”	Easyknit International Holdings Limited (永義國際集團有限公司), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the sale and purchase of Remaining Unit which is expected to be on 6 October 2017, or such other dates the parties may agree in writing
“Consideration”	the aggregate consideration for the 1st Acquisition and 2nd Acquisition is HK\$373,880,643.50
“Director(s)”	director(s) of the Company
“discloseable transaction”	as defined in the Listing Rules
“Enlarged Group”	the Group immediately after the completion of the 1st Acquisition and the 2nd Acquisition
“GCHL”	Global Chance Holdings Limited, a company incorporated in the British Virgin Islands and is an indirect wholly-owned subsidiary of the Company

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party independent of the Company and of connected persons (as defined in the Listing Rules) of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“major transaction”	as defined in the Listing Rules
“percentage ratios”	the meaning ascribed thereto in Chapter 14 of the Listing Rules
“Properties”	11 units of the Building which are: (1) Unit B, ground floor (2) Unit C, ground floor (3) Unit D, ground floor (4) Unit A, 1st floor (5) Unit B, 1st floor (6) Unit C, 1st floor (7) Unit D 1st floor (8) Unit A, 2nd floor (9) Unit B, 2nd floor (10) Unit C, 2nd floor (11) Unit D, 2nd floor
“PRC”	the People’s Republic of China
“Remaining Unit”	unit A, ground floor of the Building
“Seller”	Ms. Chan Yat Ling, an individual person who is an Independent Third Party
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering, if thought fit, approving the Aggregate Acquisitions and the transactions contemplated thereunder.
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“sq.ft.”	square foot or square feet

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“very substantial
acquisition”

as defined in the Listing Rules

By Order of the Board
Easyknit International Holdings Limited
Tse Ricky Wing Chiu
Chairman and Chief Executive Officer

Hong Kong, 5 July 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.