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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 IN RELATION TO ACQUISITION OF NOTES

THE ACQUISITION

The Board announces that on 25 May 2021, Gainever, an indirect non-wholly owned subsidiary of the Company, subscribed and acquired the Notes to be issued by the Issuer in the aggregate principal amount of US\$150.0 million (equivalent to approximately HK\$1,162.5 million) for a total consideration of US\$3.0 million (equivalent to approximately HK\$23.3 million).

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisition (on an aggregate basis) exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

THE ACQUISITION

On 25 May 2021, Gainever, an indirect wholly-owned subsidiary of the Company, subscribed and acquired the Notes to be issued by the Issuer in the aggregate principal amount of US\$150.0 million (equivalent to approximately HK\$1,162.5 million) for a total consideration of US\$3.0 million (equivalent to approximately HK\$23.3 million).

The Issuer has previously issued a series of promissory notes in the aggregate amount of US\$103.0 million (the “**Tranche A Notes**”), in connection with the Issuer’s subscription to fifteen (15) preferred shares of the Target. The Issuer intends to subscribe to an additional fifteen (15) preferred shares in the Target, and is issuing a series of Tranche B promissory notes (the “**Tranche B Notes**”, defined hereinafter) in the aggregate amount of US\$150.0 million. Gainever, as purchaser is subscribing and acquiring the Notes. The proceeds of the Notes shall be used exclusively for the subscription to preferred shares in the Target, which will in turn invest the proceeds in real estate project relating to the Xinyi A7 area/Taipei Sky Tower in Taiwan.

PRINCIPAL TERMS OF THE NOTES

Issue date of the Notes:	The Notes are to be issued by the Issuer
Issuer:	Lion Best Global Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
Total issue size:	US\$150.0 million
Principal amount of Notes acquired:	US\$3.0 million (equivalent to approximately HK\$23.3 million)
Maturity date:	25 September 2025, subject to early repayment and sale of company provisions as set out in the terms of the Notes
Interest rate:	8.0% per annum, payable monthly
Repayment upon change of control, occurrence of default or the Issuer’s assets insufficient to satisfy the obligations and/ or liabilities at Maturity date	<p>the net proceeds of the Notes (less any payment to third-party claims and expenses) shall generally be applied in the following amounts and order of priority:</p> <ol style="list-style-type: none"> (1) 100% applied towards the repayment of financing loan extended to the Issuer; (2) 100% applied towards the repayment of Tranche A Notes; and (3) 100% applied towards repayment of the Notes until each note holder receives a cash payment equal to the sum of the principal of each note held thereby and all accrued interest on such note.

Early Repayment: The Issuer may in its sole discretion make repayment of any Note in full prior to the Maturity Date, provided that such early repayment shall be equal to that payable on the Maturity Date (i.e. the principal amount and all then accrued interest).

Rating of the Notes: The Notes are unrated

The Acquisition is funded by bank financing of the EE Group.

INFORMATION OF THE GROUP

The Group is principally engaged in property investment, property development, securities investment and loan financing business.

Gainever is principally engaged in investment holding. It is an indirect wholly-owned subsidiary of EE.

INFORMATION ON THE ISSUER

The Issuer, a company incorporated under the laws of the British Virgin Islands with limited liability, is principally engaged in investment holding.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Issuer and the Target are third party independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Acquisition forms part of the Group's principal business activities in investment in financial instruments and presents an opportunity for the Group to generating a stable return to the Group. In addition, the interest rate of the Notes is higher than the interest rates of HK\$ fixed deposit / US\$ fixed deposit offered by commercial banks in Hong Kong. The Directors (including independent non-executive Directors) are of the view that the terms of the Notes are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

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DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Acquisition”	the acquisition of Notes by Gainever on 25 May 2021 for a total consideration of approximately US\$3.0 million (equivalent to approximately HK\$23.3 million)
“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 the Stock Exchange (Stock Code: 1218)
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EE”	Eminence Enterprise Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 616), a 74.76%-owned listed subsidiary of the Company as of the date of this announcement
“EE Group”	EE and its subsidiaries
“Gainever”	Gainever Corporation Limited, an indirect non-wholly owned subsidiary of the Company and a company incorporated in Hong Kong with limited liability, which is principally engaged in investment holding
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issuer”	Lion Best Global Limited, a BVI business company incorporated under the laws of the British Virgin Islands with limited liability. The ultimate beneficial owner of the Issuer is Mr. Kuan-Hsun Eric Chiu who is a businessman residing in Taiwan

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	8.0% Tranche B promissory notes (non-redeemable and non-transferable) due on 25 September 2025 issued by the Issuer
“Shareholder(s)”	the holder(s) of the ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Taiwan”	the Republic of China
“Target”	Green Heaven Investments Limited, a company incorporated under the laws of the British Virgin Islands with limited liability
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent

For illustration purposes, amounts in US\$ in this announcement have been translated into HK\$ at the rate of US\$1 = HK\$7.75 as quoted by the Hong Kong Association of Banks as of the date of this announcement.

By Order of the Board
EASYKNIT INTERNATIONAL HOLDINGS LIMITED
Koon Ho Yan Candy
President and Chief Executive Officer

Hong Kong, 25 May 2021

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