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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 ACQUISITION OF EQUITY LINKED NOTE

THE ACQUISITION

On 25 April 2022, Mark Profit has acquired for the ELN which is linked to HSB shares for a principal amount of HK\$6,000,000, before expenses.

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, when aggregated with the Previous Acquisition in the last 12 months exceed(s) 5% but less than 25%, the Acquisition aggregated with the Previous Acquisition constitute 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 April 2022, Mark Profit has acquired for the ELN which is linked to HSB shares for a principal amount of HK\$6,000,000, before expenses.

Summary of principal terms of the ELN is set out below:

Issuer:	SG Issuer
Principal amount:	HK\$6,000,000
Coupon rate:	15% per annum
Trade date of the ELN:	25 April 2022
Assets to which the ELN are linked:	HSB shares
Strike price:	HK\$147.2671 for each HSB share
Tenor:	2 months
Closing Price:	the closing price of HSB share on the final valuation date, currently expected to be 11 July 2022
1st Valuation Date:	10 June 2022
Final Valuation Date:	11 July 2022
Maturity Date:	18 July 2022
Redemption amount:	If, at the final valuation date: (a) the closing price of HSB share is equal to, or greater than, its strike price, the holder of the ELN will receive, on the maturity date, full face value of the ELN and the interest; or (b) the closing price of HSB share is lower than its strike price, the holder of the ELN will receive, on the maturity date, a specified number of HSB shares calculated based on the strike price and the interest

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, SG Issuer and its ultimate beneficial owners are Independent Third Party(ies) of the Company and its connected persons.

The principal amount for the Acquisition will be satisfied in cash from internal resources of the Group. The consideration and the terms and conditions of the ELN were negotiated between the issuer of the ELN and Mark Profit on an arm's length basis with reference to the recent closing prices of HSB Shares.

PREVIOUS ACQUISITION

On 29 March 2022, Coconut King acquired an equity linked note issued by Vontobel Financial Products Ltd., DIFC Dubai, which was linked to HSB shares, for a tenor of two months carrying a coupon rate of 15% per annum for a principal amount of HK\$10,000,000 (before expenses). The Previous Acquisition itself did not constitute a disclosable transaction for the Company under Chapter 14 of the Listing Rules.

INFORMATION OF THE GROUP

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

Mark Profit, a wholly-owned subsidiary of the Company, is incorporated under the laws of Hong Kong with limited liability. The principal business of Mark Profit is investment holding.

INFORMATION OF HSB

HSB is a limited company incorporated in Hong Kong, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 11). HSB and its subsidiaries are engaged in the provision of banking and related financial services. The Company operates its business through four segments. The Wealth and Personal Banking segment engages in provision of personal banking, consumer lending, time deposits, mortgages and personal loans, credit cards, insurance and wealth management services. The Commercial Banking segment engages in the corporate lending, trade and receivable finance, payments and cash management, treasury and foreign exchange, general insurance, key-person insurance, investment services and corporate wealth management. The Global Banking and Markets segment provides tailored financial solutions. The Other segment engages in the properties, equity shares investment.

The following information is extracted from the 2021 Annual Report of HSB for the two financial years ended 31 December:

	Year ended 31 December	
	2021	2020
	<i>HK\$bn</i>	<i>HK\$bn</i>
Operating Income	49.5	54.3
Profit before tax	16.4	19.4
Profit attributable to shareholders	14.0	16.7

As stated in HSB's 2021 Annual Report, HSB group had an audited total asset of HK\$1,820.2bn as at 31 December 2021 (2020: HK1,759.8bn).

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 return to the Group. In addition, the interest rate of the ELN 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 ELN are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

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, when aggregated with the Previous Acquisition in the last 12 months exceed(s) 5% but is less than 25%, the Acquisition aggregated with the Previous Acquisition constitute 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.

DEFINITIONS

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

“Acquisition”	the acquisition of the ELN of HSB for a principal amount of HK\$6,000,000 on 25 April 2022
“Board”	the board of Directors
“Coconut King”	Coconut King Limited, an indirect wholly-owned subsidiary of the Company and a company incorporated in British Virgin Islands with limited liability, which is principally engaged in securities investment
“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)
“Director(s)”	the director(s) of the Company
“ELN”	the equity linked note issued by SG Issuer to Mark Profit
“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
“HSB”	Hang Seng Bank Limited, a company incorporated in Hong Kong with limited liability, the share of which are listed on the main board of the Stock Exchange (Stock Code: 11)
“Independent Third Party(ies)”	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which is/are third party(ies) independent of the Company and its connected person(s)(as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mark Profit”	Mark Profit Development Limited, an indirect wholly-owned subsidiary of the Company and a company incorporated in Hong Kong with limited liability, which principal business is investment holding
“Previous Acquisitions”	On 29 March 2022, Coconut King acquired an equity linked note issued by Vontobel Financial Products Ltd., DIFC Dubai, which was linked to HSB shares, for a tenor of two months carrying a coupon rate of 15% per annum for a principal amount of HK\$10,000,000 (before expenses).
“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)
“%”	per cent

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

Hong Kong, 26 April 2022

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.