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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 BANK OF CHINA LIMITED**

On 18 January 2018, the Group, through its wholly-owned subsidiary, has purchased an ELN of BOC for a principal amount of HK\$30,000,000.

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 18 January 2018, the Group, through its wholly-owned subsidiary, has purchased an ELN of BOC for a principal amount of HK\$30,000,000 and the major terms of ELN of BOC are listed below:

#### **Major Terms of ELN**

- |                          |  |
|--------------------------|--|
| 1. Trade date:           | 18 January 2018                          |
| 2. Issuer:               | HSBC Bank plc                            |
| 3. Linked equity:        | Bank of China Limited (Stock Code: 3988) |
| 4. Principal amount:     | HK\$30,000,000                           |
| 5. Issue price:          | HK\$4.3500                               |
| 6. Strike price:         | HK\$4.2469                               |
| 7. Tenor:                | 2 months                                 |
| 8. 1st Observation date: | 5 March 2018                             |
| 9. 2nd Observation date: | 3 April 2018                             |
| 10. Coupon rate:         | 15.36% per annum                         |

Save as the aforementioned, the Group does not have any ELN of BOC 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 BOC H Shares 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 1 February 2018 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, property development, securities investment and loan financing business.

The Board 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.

In consideration of the above factors and the terms of ELN, the present market conditions of the stock market and the track record of BOC, the Board is 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 BANK OF CHINA LIMITED**

BOC is a China-based commercial bank and is mainly engaged in the provision of banking and related financial services, including commercial banking business, investment banking business, insurance business, direct investments and investment management businesses, fund management business and aircraft leasing business, as well as others. This bank mainly provides loans to individual and corporate clients and mainly operates its businesses in China mainland, Hong Kong, Macau and Taiwan, as well as other countries.

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

	<b>For the nine months ended 30 September 2017</b>	<b>For the year ended 31 December</b>	
	<i>RMB million</i>	<b>2016</b> <i>RMB million</i>	<b>2015</b> <i>RMB million</i>
Revenue	364,132	485,656	473,912
Profit before taxation	190,427	222,412	231,571
Net profit after taxation attributable to shareholders of Bank of China	145,506	164,578	170,845
Total assets	19,422,438	18,148,889	16,815,597

## 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:

“Acquisition”	the purchase of an ELN of BOC for a principal amount of HK\$30,000,000 by a wholly-owned subsidiary of the Company on 18 January 2018
“Board”	the board of Directors
“BOC”	Bank of China Limited, a joint stock limited company incorporated in the PRC
“BOC H Share(s)”	Overseas listed foreign shares with nominal value of RMB1.00 each in the share capital of BOC which are listed on the Stock Exchange and traded in Hong Kong dollars (stock code: 3988)
“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 HSBC Bank plc

“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
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of shares of the Company
“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, 22 January 2018

*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.*