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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 SALE OF JUNIOR NOTES

BACKGROUND

The Board wishes to announce that on 20 February 2020, Charming Flash entered into the Tripartite Agreement with Green Heyday and the Issuer, under which Charming Flash agreed to sell, Green Heyday agreed to acquire, the Junior Notes at the Transfer Consideration. The Transfer Consideration will be paid by three (3) instalments. Charming Flash will have all rights attached or accruing to the Junior Notes until such time as it receives full payment of the Transfer Consideration from Green Heyday and completes the sale and purchase of the Junior Notes under the Tripartite Agreement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Sale exceeds 5% but is less than 25%, the Sale constitutes a disclosable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

Reference is made to the Announcement in relation to the subscription of the Junior Notes by Charming Flash, a wholly-owned subsidiary of the Company, in the amount of US\$4,500,000 (equivalent to approximately HK\$35,100,000). Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

** for identification purposes only*

On 31 October 2018, Charming Flash entered into the Junior Notes Subscription Agreement with the Issuer, pursuant to which Charming Flash subscribed for the Junior Notes issued by the Issuer in the amount of US\$4,500,000 (equivalent to approximately HK\$35,100,000), at an interest rate of 14.65% per annum.

The Board wishes to announce that on 20 February 2020, Charming Flash entered into the Tripartite Agreement with Green Heyday and the Issuer, under which Charming Flash agreed to sell, Green Heyday agreed to acquire the Junior Notes at the Transfer Consideration. The Transfer Consideration will be paid by three (3) instalments. Charming Flash will have all rights attached or accruing to the Junior Notes, including the rights to receive all payments, dividends and distributions from the Junior Notes, until such time as it receives full payment of the Transfer Consideration from Green Heyday and completes the sale and purchase of the Junior Notes under the Tripartite Agreement.

THE TRIPARTITE AGREEMENT

Summarised below are the principal terms of the Tripartite Agreement:

- Date : 20 February 2020
- Parties : (i) Charming Flash Limited, as transferor, is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company;
- (ii) Green Heyday Limited, as transferee, is a company incorporated in the British Virgin Islands with limited liability; and
- (iii) Golden Glow Limited, as the Issuer, is a company incorporated in the Cayman Islands with limited liability.
- Transfer Consideration : a total of US\$4,700,000 (United States Dollars Four Million and Seven Hundred Thousand)
- Payment schedule : Green Heyday shall pay the Transfer Consideration to Charming Flash by three (3) instalments, being:
- (i) US\$1,000,000, payable on the date of the Tripartite Agreement;
- (ii) US\$1,000,000, payable on or before 29 April 2020; and
- (iii) US\$2,700,000, payable on or before 28 August 2020.

INFORMATION ON THE GROUP AND CHARMING FLASH

The Company is an investment holding company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1218). The Group is principally engaged in property investment, property development, securities investment and loan financing business.

Charming Flash, a wholly-owned subsidiary of the Company, is incorporated under the laws of the British Virgin Islands with limited liability. The principal business of Charming Flash is investment holding.

INFORMATION ON GREEN HEYDAY AND THE ISSUER

Green Heyday is a company incorporated in the British Virgin Islands with limited liability. The principal business of Green Heyday is investment holding. The ultimate beneficial owner of Green Heyday is Au Yin Man, an individual.

The Issuer is an exempted company incorporated under the laws of the Cayman Islands and is engaged in the financing business. The ultimate beneficial owner of the Issuer is Lam Wai Hong Andrew, an individual.

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, Green Heyday and the Issuer and their respective ultimate beneficial owner(s) are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE SALE

The principal business activities of the Group are property investment, property development, securities investment and loan financing.

The Sale will strengthen the Group's financial and liquidity positions. The Group expects to recognize a gain of approximately US\$200,000 (equivalent to approximately HK\$1,560,000) from the Sale, which is calculated on the basis of the difference between the face value of the Junior Notes of US\$4,500,000 (equivalent to approximately HK\$35,100,000) as at 20 February 2020 and the Transfer Consideration of US\$4,700,000 (equivalent to approximately HK\$36,660,000). The intended use of the net proceeds from the Sale will be for the Group's general working capital and/or other potential investments.

The Board considers that the terms and conditions of the Tripartite Agreement and the Sale were arrived at by the parties thereto after arm's length negotiations, made on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Sale exceeds 5% but is less than 25%, the Sale constitutes a disclosable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 2 November 2018
“Green Heyday”	Green Heyday Limited is a company incorporated in the British Virgin Islands with limited liability
“Sale”	the sale of the Junior Notes from Charming Flash to Green Heyday pursuant to the Tripartite Agreement
“Transfer Consideration”	US\$4,700,000 (equivalent to approximately HK\$36,660,000), being the total consideration for the sale and purchase of the Junior Notes
“Tripartite Agreement”	the sale and purchase agreement dated 20 February 2020 entered into between Charming Flash, Green Heyday and the Issuer in relation to the Sale

In this announcement, United States dollars are converted into Hong Kong dollars at the rate of US\$1 = HK\$7.80.

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

Hong Kong, 20 February 2020

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.