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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 CHINA CONSTRUCTION BANK CORPORATION

THE ACQUISITION

The Company, through Ace Winner, a wholly-owned subsidiary of the Company, purchased an ELN of CCB on 21 May 2020 for a principal amount of HK\$50,000,000 (exclusive of transaction costs).

LISTING RULES IMPLICATIONS

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

THE ACQUISITION

The Company, through Ace Winner, a wholly-owned subsidiary of the Company, purchased an ELN of CCB on 21 May 2020 for a principal amount of HK\$50,000,000 (exclusive of transaction costs) and the major terms of the ELN of CCB are as follows:

Major Terms of ELN

- | | | |
|-----|-----------------------|----------------|
| 1. | Trade date: | 21 May 2020 |
| 2. | Issuer: | HSBC Bank plc |
| 3. | Linked equity: | CCB |
| 4. | Principal amount: | HK\$50,000,000 |
| 5. | Issue price: | HK\$6.270 |
| 6. | Strike price: | HK\$5.806 |
| 7. | Tenor: | 2 months |
| 8. | Coupon rate: | 15% per annum |
| 9. | First valuation date: | 6 July 2020 |
| 10. | Final valuation date: | 4 August 2020 |
| 11. | Maturity date: | 11 August 2020 |

The principal amount of the Acquisition shall be paid on 4 June 2020 and be satisfied in cash from internal resources of the Group.

* for identification purposes only

INFORMATION OF ELN

ELN is designated as financial assets at fair value through profit or loss. Each ELN is subject to mandatory redemption clause at a strike price until maturity dates depending on the market price of the CCB Shares underlying the ELN.

Each 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. first valuation date and/or final valuation date) if the underlying stock price closes at or above the strike price. Conversely if the underlying stock price closes below the strike price, 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.

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 each ELN.

REASONS AND BENEFITS OF THE ACQUISITION

The Group's principal activities are property development, property investment, securities investment and loan financing.

The Directors take the view that the 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 the 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 capitalizing on share movements, it is an opportunity to maximize market opportunities by earning more attractive interest rate. Moreover, the ELN has a flexible choice in terms of the share counters and tenors.

Having considered the above factors and the terms of the ELN, the present market conditions of the stock market and the track record of CCB, the Directors (including the independent non-executive Directors) are of the view that the Acquisition is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

As the Acquisition was made through the market, the Company was not aware of the identities of the issuer of the ELN of CCB and accordingly, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the issuer of the ELN of CCB and its respective ultimate beneficial owner(s) (where applicable) are Independent Third Parties.

INFORMATION ON CCB

According to publicly available information, CCB is a joint-stock company incorporated in the PRC with limited liability and its H shares are listed on the main board of the Stock Exchange (stock code: 939). CCB is a commercial bank and operates its businesses in domestic and overseas markets through corporate banking businesses, including corporate deposit, corporate credit loan, asset custody, enterprise annuity, trading financing, international settlement, international financing and value-added services, among others, personal banking businesses, including personal deposit, loan, bank card services, private bank services, foreign exchange trading and gold trading services, among others, and capital business.

The following information is extracted from the public documents of CCB:

	For the three months ended 31 March 2020	For the year ended 31 December	
	<i>RMB million</i>	2019	2018
		<i>RMB million</i>	<i>RMB million</i>
Total assets	27,110,165	25,436,261	23,222,693
Operating income	186,405	678,001	633,772
Profit before taxation	98,370	326,597	308,160
Net profit	80,981	269,222	255,626
Net profit attributable to shareholders of CCB	80,855	266,733	254,655

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed(s) 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and are therefore subject to the reporting and announcement requirements 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:

“Ace Winner”	Ace Winner Investment Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Company
“Acquisition”	the purchase of an ELN of CCB for a principal amount of HK\$50,000,000 (exclusive of transaction costs) by Ace Winner on 21 May 2020
“Board”	the board of the Directors
“CCB”	China Construction Bank Corporation, a joint-stock company incorporated in the PRC with limited liability, the H shares of which are listed on the main board of the Stock Exchange (stock code: 939)
“CCB Share(s)”	overseas listed foreign shares with a par value of RMB1.00 each in the share capital of CCB, listed on the main board of the Stock Exchange and traded in Hong Kong dollars
“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 (stock code: 1218)
“Director(s)”	director(s) of the Company

“discloseable transaction”	as defined in the Listing Rules
“ELN”	the equity linked note issued to Ace Winner
“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
“Independent Third Party(ies)”	person(s) which, to the best knowledge and belief of the Directors having made all reasonable enquiries, is/are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	as defined in the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“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 May 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.