

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 PROPOSED SUBSCRIPTION OF CONVERTIBLE NOTE

THE SUBSCRIPTION AGREEMENT AND THE CONVERTIBLE NOTE

On 1 March 2017, the Issuer and Goodco entered into the Subscription Agreement, pursuant to which the Issuer has conditionally agreed to issue, and Goodco has conditionally agreed to subscribe for, the 2017CB in the aggregate principal amount of HK\$16,000,000. Completion of the Subscription Agreement is subject to the Conditions Precedent. Terms of the 2017CB are summarised in the paragraph headed “Principal terms of the 2017CB” in this announcement.

Assuming that the conversion rights (as defined in the paragraph headed “Principal terms of the 2017CB” below) in relation to the total principal amount of the 2017CB of HK\$16,000,000 are exercised in full at the Conversion Price of HK\$0.16 per Conversion Share, a total of up to 100,000,000 Conversion Shares will be allotted and issued, representing approximately 5.23% of the issued share capital of the Issuer as at the date of this announcement and approximately 4.97% of the issued share capital of the Issuer as enlarged by the allotment and issue of such Conversion Shares (assuming that save for the issue of the Conversion Shares, there will be no change to the issued share capital of the Issuer from the date of this announcement up to (and including) the date of issue of such Conversion Shares resulting from full exercise of the conversion rights).

LISTING RULES IMPLICATIONS

As the applicable percentage ratios under Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the subscription of the 2017CB by Goodco under the Subscription Agreement, therefore constitutes a discloseable transaction for the Company under the Listing Rules. The Company is therefore subject to the reporting and announcement requirements under the Listing Rules.

** for identification purposes only*

The Board is pleased to announce that on 1 March 2017, the Issuer and Goodco entered into the Subscription Agreement, details of which are set out below.

THE SUBSCRIPTION AGREEMENT

Parties to and date of the Subscription Agreement

Date: 1 March 2017

Parties: the Issuer; and
Goodco Development Limited (as the subscriber), a substantial shareholder of the Issuer as at the date of this announcement

Issue of the 2017CB

Pursuant to the Subscription Agreement, the Issuer has conditionally agreed to issue, and Goodco has conditionally agreed to subscribe for, the 2017CB in the aggregate principal amount of HK\$16,000,000, which will be issued on face value.

Conditions Precedent

Completion of the Subscription Agreement is conditional upon the fulfillment of the following:

- (a) the independent shareholders of the Issuer having passed the ordinary resolution at the special general meeting to approve the Subscription Agreement and the transactions contemplated therein, including the issue of the 2017CB, the allotment and issue of the Conversion Shares under a specific mandate in accordance with the requirements of the Listing Rules; and
- (b) the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares.

None of the Conditions Precedent may be waived. If any of the Conditions Precedent has not been fulfilled on or before 31 May 2017 or such other date as may be agreed in writing by the Issuer and Goodco, the Subscription Agreement will lapse and the parties thereto will be released from all obligations therein, save for liabilities for any antecedent breaches of the Subscription Agreement.

The initial Conversion Price of HK\$0.16 represents:

- (i) a premium of approximately 1.91% over the closing price of HK\$0.157 per Issuer Share as quoted on the Stock Exchange on 28 February 2017, being the last trading day before the date of the Subscription Agreement;
- (ii) a discount of approximately 1.84% over the average of the closing prices of Issuer Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including 28 February 2017, being approximately HK\$0.163 per Issuer Share;
- (iii) a discount of approximately 5.33% over the average of the closing prices of the Issuer Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including 28 February 2017, being approximately HK\$0.169 per Share; and
- (iv) a discount of approximately 8.05% over the average of the closing prices of the Issuer Shares as quoted on the Stock Exchange for last six months up to and including 28 February 2017, being approximately HK\$0.174 per Issuer.

Completion

Subject to all the Conditions Precedent having been fulfilled, completion of the Subscription Agreement shall take place on the second Business Day after satisfying the conditions above, or such other date as may be agreed by the Issuer and Goodco in writing. Upon completion of the Subscription Agreement, the net proceeds of the 2017CB of approximately HK\$15,500,000 will be used by the Issuer as the working capital.

PRINCIPAL TERMS OF THE 2017CB

The principal terms of the 2017CB are summarised below:

Total issue price and principal amount upon issue : HK\$16,000,000

Maturity Date : The date falling on the fifth anniversary of the Issue Date, on which all outstanding principal amount, together with all outstanding accrued interests, of the 2017CB will become due and payable by the Issuer to the Noteholder.

Redemption price at maturity : 100% of the outstanding principal amount of the 2017CB on the Maturity Date, together with all unpaid and accrued interest due on the outstanding principal amount of the 2017CB.

Redemption: The Company may at any time before the maturity date by written notices to the Subscriber, and with consent of Subscriber, redeem the 2017CB (in whole or in part) at 100% to the principal amount of the part of the 2017CB to be redeemed.

Any amount of the 2017CB which remains outstanding on the maturity date shall be redeemed at 100% of its then outstanding principal amount.

Any amount of the 2017CB which is redeemed by the Company will be forthwith cancelled.

Interest The 2017CB will bear interest on the outstanding principal amount thereof from the Issue Date at a rate of 3.0% per annum. Interest will be payable semi-yearly in arrears. In the event that the Issuer does not pay any sum payable under the 2017CB when due, a default interest at the rate of 5% per annum for the relevant default payment period will be payable by the Issuer.

The interest rate was determined by the parties after arm's length negotiations and with references to: (i) the prevailing market conditions; and (ii) the indicative costs of mid-term/long-term debt finance (without any pledges and securities) preliminarily quoted to the Issuer by its banks upon general enquiries.

Conversion Rights : A Noteholder will have the rights to convert the whole or part of the outstanding principal amount of a 2017CB (in amount of not less than a whole multiple of HK\$1,000,000 on each conversion, unless the outstanding principal amount of the 2017CB to be converted is less than HK\$1,000,000 in which case the whole (but not part only) of that amount shall be converted) into the Conversion Shares at any time during the Conversion Period (as detailed below) at the Conversion Price (subject to adjustments).

Issuer will not be obliged to issue any Conversion Shares if (i) immediately following the conversion, the Issuer will be unable to meet the prescribed minimum public float requirement under the Listing Rules; or (ii) a mandatory general offer will be required to be made by the Noteholder and parties acting in concert with it under the Takeovers Code unless a whitewash waiver is obtained.

Conversion Period : The period from the date falling on the Issue Date up to and including the date falling on the fifth last Business Day prior to the Maturity Date.

Conversion Price : The 2017CB shall be converted at the Conversion Price. Upon issue of the 2017CB, the initial Conversion Price will be HK\$0.16 per Conversion Share (subject to adjustments).

The Conversion Price shall be adjusted as provided in the 2017CB instrument in each of the following cases:

- (i) an alteration of the number of the Issuer Shares by reason of any consolidation or subdivision;
- (ii) an issue (other than in lieu of a cash dividend) by the Issuer of the Issuer Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account, contributed surplus account or capital redemption reserve fund);
- (iii) a capital distribution (as defined in the 2017CB instrument) being made by the Issuer, whether on a reduction of capital or otherwise, to holders of the Shares in their capacity as such;

- (iv) an offer or grant being made by the Issuer to holders of Shares by way of rights or of options or warrants to subscribe for new Issuer Shares at a price which is less than 80 per cent. of the market price;
- (v) an issue wholly for cash or for reduction of liabilities being made by the Issuer of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per Share (as defined in the 2017CB instrument) initially receivable (or in the case of reduction in liabilities, the amount of liabilities to be reduced) for such securities is less than 80 per cent. of the market price, or the terms of any such rights of conversion or exchange or subscription attached to any such securities being modified so that the said total effective consideration per Share initially receivable for such securities is less than 80 per cent. of the market price;
- (vi) an issue being made by the Issuer wholly for cash or for reduction of liabilities of Shares at a price per Share less than 80 per cent. of the market price;
- (vii) an issue being made by the Issuer of Issuer Shares for the acquisition of asset at a total effective consideration per Share (as defined in the 2017CB instrument) less than 80 per cent. of the market price; and
- (viii) an issue wholly made by the Issuer of securities convertible into or exchangeable for or carrying rights of subscription for new Issuer Shares for the acquisition of asset, if in any case the total effective consideration per Share (as defined in the 2017CB instrument) initially receivable for such securities is less than 80 per cent. of the market price.

If there is any adjustment event occurred which leads to the number of Conversion Shares issuable under the 2017CB exceeds the specific mandate threshold, then the Subscriber shall be entitled to convert the 2017CB into such number of Conversion Shares subject to the specific mandate threshold based on the adjusted Conversion Price and any outstanding remaining principal amount of the 2017CB shall be redeemed by the Issuer on the maturity date in accordance with the terms herein.

- Ranking of the Conversion Shares : The Conversion Shares, when allotted and issued upon exercise of the conversion rights, shall rank pari passu in all respects with all other than issued Issuer Shares as at the date of the relevant conversion notice and shall be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of the relevant conversion notice.
- Transferability : No assignment or transfer (whether in whole or in part(s)) of the 2017CB may be made unless it is made to (i) the holding company; (ii) the subsidiaries; or (iii) associates of the Noteholder.
- Others : Upon execution of the Subscription Agreement, Goodco has undertaken not to exercise the conversion rights if it would result in (a) the non-compliance of the prescribed minimum public float requirement under the Listing Rules applicable to the Issuer; or (b) a mandatory general offer for the Shares being required to be made by Goodco and the parties acting in concert with it under the Takeovers Code unless the whitewash waiver is obtained.

Assuming that the conversion rights in relation to the total principal amount of the 2017CB of HK\$16,000,000 are exercised in full at the Conversion Price of HK\$0.16 per Conversion Share, a total of up to 100,000,000 Conversion Shares will be allotted and issued, representing approximately 5.23% of the issued share capital of the Issuer as at the date of this announcement and approximately 4.97% of the issued share capital of the Issuer as enlarged by the allotment and issue of such Conversion Shares (assuming that save for the issue of the 100,000,000 Conversion Shares, there will be no change to the issued share capital of the Issuer from the date of this announcement up to (and including) the date of issue of such Conversion Shares resulting from exercise in full of the conversion rights).

Issuer will seek from the independent shareholders of the Issuer for the allotment and issue of the Conversion Shares at the special general meeting. Application will be made by the Issuer to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be allotted and issued upon exercise of the conversion rights. No application will be made for the listing of the 2017CB on the Stock Exchange or any other stock exchange.

INFORMATION ON THE GROUP AND GOODCO

The Group is principally engaged in property investment, property development, securities investment and money lending business.

Goodco is a company incorporated in the British Virgin Islands with limited liability and is a substantial Shareholder holding 363,781,194 Issuer Shares, representing approximately 19.03% of the issued share capital of the Issuer as at the date of this announcement. It is a wholly-owned subsidiary of the Company.

SHAREHOLDING STRUCTURE

The following table shows the shareholding structure of the Issuer as at the date of this announcement and immediately after the issue of 100,000,000 Conversion Shares assuming exercise in full of the conversion rights of 2017CB at the Conversion Price of HK\$0.16 per Conversion Share and 2014CB:

	As at the date of this announcement		Immediately upon the issue of 2017CB and full exercise of the conversion rights of 2014CB and 2017CB	
	<i>Number of Issuer Shares</i>	<i>%</i>	<i>Number of Issuer Shares</i>	<i>%</i>
Goodco and parties acting in concert with it				
Landmark Profits	93,549,498	4.89	93,549,498	4.65
Goodco				
- Issuer Shares	363,781,194	19.03	363,781,194	18.07
- underlying Issuer Shares of 2014CB (notes 1 & 3)	880,281	-	880,281	0.04
- underlying Issuer Shares of 2017CB (note 2 & 3)	-	-	100,000,000	4.97
Sub-total	457,330,692	23.92	558,210,973	27.73
Public Issuer Shareholders	1,454,501,367	76.08	1,454,501,367	72.27
Total	1,911,832,059	100.00	2,012,712,340	100.00

Notes:

1. The entire issued share capital of Goodco is indirectly held by the Company.
2. The entire issued share capital of Landmark Profits is directly held by the Company.
3. Goodco and Landmark Profits, are wholly-owned subsidiaries of the Company and are presumed to be acting in concert for the purpose of the Takeovers Code.

REASONS FOR THE ISSUE AND SUBSCRIPTION OF 2017CB

The reason for the Company's subscription of the 2017CB is that the Directors are confident in the long-term business development of the Issuer. Consequently, the Directors propose that Goodco subscribes for the 2017CB, which offers a yield superior to bank deposits whilst allowing the Company to maintain control of the Issuer. The Directors (including the independent non-executive Directors) are of the view that the Subscription Agreement and the transactions contemplated therein are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE ISSUER

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

Based on the interim report of the Issuer for the six months ended 30 September 2016, the unaudited net asset value of the Issuer was HK\$2,371 million. Set out below is certain financial information extracted from the latest annual report of the Issuer:

	For the year ended	
	31 March	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)
Revenue	103,439	192,489
Profit/(Loss) before taxation	(61,238)	35,118
Profit/(Loss) after taxation	(69,268)	31,086

LISTING RULES IMPLICATION

As at the date of this announcement, the Issuer is an associate of the Company. The Company, through Goodco and Landmark Profits, is interested in 457,330,692 Issuer Shares, representing approximately 23.92% of the total issued share capital of the Issuer.

The principal amount to be paid by Goodco for the 2017CB amounts to HK\$16,000,000. This will be fully satisfied in cash by internal resources of the Company. As the applicable percentage ratios under Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the subscription of the 2017CB by Goodco under the Subscription Agreement, constitutes a discloseable transaction for the Company under the Listing Rules and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise required, the following words and phrases have the following meanings:

“2014CB”	the 2% per annum coupon rate convertible note issued by the Issuer on 27 March 2014 in the aggregate principal amount of HK\$100,000,000 conferring rights to convert Shares on the basis of then then prevailing Conversion Price of HK\$22.72 per Issuer Share, of which the total outstanding amount is HK\$20,000,000
“2017CB”	the convertible note in the principal amount of HK\$16,000,000 to be issued by the Issuer to Goodco pursuant to the Subscription Agreement
“acting in concert”	the meaning ascribed to it under the Takeovers Code
“associates”	the meaning ascribed to it under the Listing Rules
“Business Day”	a day (other than a Saturday, Sunday or public holiday or a day on which typhoon signal 8 or above or black rainstorm is hoisted in Hong Kong at 9:00 a.m.) on which banks are generally open for business in Hong Kong

“Company”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange
“Conditions Precedent”	the conditions precedent for completion of the Subscription Agreement to take place as set out in the paragraph headed “Conditions Precedent” in this announcement
“connected person(s)”	the meaning ascribed to it in the Listing Rules
“Conversion Period”	the period during which the Noteholder may exercise the conversion rights to subscribe for the Conversion Shares at the Conversion Price, details of which are set out in the paragraph headed “Principal terms of the 2017CB” in this announcement
“Conversion Price”	the Conversion Price at which each Conversion Share shall be issued upon a conversion of all or any part of the 2017CB, which is initially fixed at HK\$0.16 per Conversion Share and subject to adjustments (if any)
“Conversion Share(s)”	the Issuer Share(s) to be allotted and issued by the Issuer upon exercise of the conversion rights
“Directors”	the directors of the Company
“Goodco”	Goodco Development Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company, being a substantial shareholder of the Issuer (as defined in the Listing Rules)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issuer”	Eminence Enterprise Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange (Stock Code: 616)
“Issue Date”	the date of issue of the 2017CB, which shall be on the date of completion of the Subscription Agreement
“Issuer Shareholder(s)”	holder(s) of the Issuer Share(s)
“Issuer Share(s)”	ordinary share(s) of par value HK\$0.01 each in the share capital of the Issuer

“Landmark Profits”	Landmark Profits Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company, being a substantial shareholder of the Company (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	five years upon the issue of the 2017CB
“Noteholder”	the holder of the 2017CB
“PRC”	the People’s Republic of China
“Shareholder(s)”	holder(s) of share(s) of the Company
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	conditional subscription of the 2017CB by Goodco pursuant to the Subscription Agreement
“Subscription Agreement”	the agreement dated 1 March 2017 entered into between the Issuer and Goodco in relation to the Subscription and issue of the 2017CB
“substantial shareholder(s)”	the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“%”	percentage

By Order of the Board
EASYKNIT INTERNATIONAL HOLDINGS LIMITED
Kwong Jimmy Cheung Tim
President and Chief Executive Officer

Hong Kong, 1 March 2017

As at the date hereof, the board of Directors comprises Mr. Kwong Jimmy Cheung Tim, Ms. Lui Yuk Chu and Ms. Koon Ho Yan Candy as executive directors, Mr. Tse Wing Chiu Ricky and Mr. Lai Law Kau as non-executive directors; and Mr. Tsui Chun Kong, Mr. Jong Koon Sang and Mr. Hon Tam Chun as independent non-executive directors.