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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 HSBC HOLDINGS PLC**

On 7 January 2016, the Group, through its wholly-owned subsidiary, purchase an ELN linked to HSBC for a principal amount of HK\$20,000,000.

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, as certain size percentage ratios exceeds 5% but is less than 25%.

#### **THE ACQUISITION**

On 7 January 2016, the Group, through its wholly-owned subsidiary, purchased an ELN linked to HSBC for a principal amount of HK\$20,000,000.

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

- |                      |                        |
|----------------------|------------------------|
| 1. Trade Date:       | 7 January 2016         |
| 2. Issuer:           | Hang Seng Bank Limited |
| 3. Linked equity     | HSBC                   |
| 4. Principal amount: | HK\$20,000,000         |
| 5. Issue price:      | HK\$57.60              |
| 6. Strike price:     | HK\$54.4608            |
| 7. Tenor:            | 2 months               |
| 8. Coupon rate:      | 15.12% per annum       |

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 HSBC share underlying the ELN.

*\* for identification purposes only*

At the maturity date, if the ELN is still outstanding, depending on the market price of the HSBC share and the strike price, the ELN will be redeemed by the issuer at the principal amount in cash or shares.

### **Principal Amount**

The principal amount of the Acquisition shall be paid on 21 January 2016 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, loan financing and investment in securities.

The Directors 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.

Having considered the above factors and the terms of ELN, the present market conditions of the stock market and the track record of HSBC, 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 its Shareholders as a whole.

### **INFORMATION ON HSBC**

HSBC is a company incorporated in England with limited liability and its shares are listed on the London, Hong Kong, New York, Paris and Bermuda stock exchanges. Based on its company profile made available on the website of the Stock Exchange, HSBC is principally engaged in the provision of a comprehensive range of banking and related financial services through an international network in the Asia-Pacific region, Europe, the Americas, the Middle East and Africa.

The following information is extracted from the interim and annual reports of HSBC:

	<b>For the six months ended 30 June 2015</b>	<b>For the year ended 31 December</b>	
	<i>USD million</i>	<b>2014</b>	<b>2013</b>
		<i>USD million</i>	<i>USD million</i>
Revenue	39,793	74,593	78,337
Profit before taxation	13,628	18,680	22,565
Net profit after taxation			
attributable to shareholders	9,618	13,688	16,204
of HSBC			
Total assets	2,571,713	2,634,139	2,671,318

## LISTING RULES IMPLICATIONS

As certain size percentage ratios (as set out in Rule 14.07) of the Listing Rules of the Acquisition exceeds 5% but are 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”	On 7 January 2016, the Group, through its wholly-owned subsidiary, purchase an ELN linked to HSBC for a principal amount of HK\$20,000,000
“Board”	the board of Directors
“HSBC”	HSBC Holdings plc, whose shares are listed on the main board of the Stock Exchange (stock code: 00005)
“HSBC Share(s)”	shares in the share capital of HSBC 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
“Director(s)”	director(s) of the Company
“ELN”	an equity linked note issued by Hang Seng Bank Limited issued to Ace Winner Investment Limited, a wholly-owned subsidiary of the Company
“discloseable transaction”	as defined in the Listing Rules
“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

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board  
**Easyknit International Holdings Limited**  
**Kwong Jimmy Cheung Tim**  
*President and Chief Executive Officer*

Hong Kong, 13 January 2016

*As at the date hereof, the Board 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.*