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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 iSHARES FTSE A50 CHINA INDEX ETF**

On 8 June 2016, the Group, through its wholly-owned subsidiary, purchased an ELN of A50 for a principal amount of HK\$24,000,000.

The Acquisition standing alone constitutes a discloseable transaction under Rule 14.06(2) of the Listing Rules as the certain applicable percentage ratios of the Acquisition exceed 5% but are less than 25%. The Acquisition when aggregated with the Previous Acquisition (details of which were set out in the Company's announcement dated 9 November 2015) still remains as a discloseable transaction under the Listing Rules. The Acquisition is therefore subject to the reporting and announcement requirements under the Listing Rules.

#### **THE ACQUISITION**

Reference is made to the Company's announcement dated 9 November 2015 relating to the Previous Acquisition of which the Group purchased an ELN of A50 for a principal amount of HK\$40,000,000 on 4 November 2015.

On 8 June 2016, the Group, through its wholly-owned subsidiary, purchased an ELN of A50 for a principal amount of HK\$24,000,000.

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

1.	Trade date:	8 June 2016
2.	Issuer:	J.P. Morgan Structured Products B.V.
3.	Linked equity	A50
4.	Principal amount:	HK\$24,000,000
5.	Issue price:	HK\$9.92
6.	Strike price:	HK\$9.2494
7.	Tenor:	2 months
8.	1st Observation date:	25 July 2016
9.	2nd Observation date:	23 August 2016
10.	Coupon rate:	15% per annum

*\* for identification purposes only*

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 A50 Share underlying the ELN.

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 of Acquisition**

The principal amount of the Acquisition shall be paid on 23 June 2016 and be satisfied in cash from internal resources of the Company.

### **PRINCIPAL AMOUNT OF AGGREGATE ACQUISITION**

The principal amount of the Aggregate Acquisition was HK\$64,000,000.

### **REASONS AND BENEFITS OF THE PURCHASE OF ELN**

The Group's principal activities are property investment, property development, securities investment and money lending business.

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 A50, 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 A50**

A50 is the second index fund of a trust known as iShares Asia Trust. It is a fund to track the performance of FTSE Index quoted in RMB and its fund manager is BlackRock Asset Management North Asia Limited. A50 is listed and traded on the main board of the Stock Exchange (stock code: 2823).

The following information is extracted from the 2015 annual report of A50:

	<b>For the year ended 31 December</b>	
	<b>2015</b>	<b>2014</b>
	<i>HK\$</i>	<i>HK\$</i>
Revenue	372,550,523	39,008,078,666
Profit / (Loss) before taxation	(1,242,982,916)	37,293,192,585
Net profit / (loss) after taxation attributable to unitholders of A50	(1,362,987,584)	37,076,495,889

## **LISTING RULES IMPLICATIONS**

The Acquisition standing alone constitutes a discloseable transaction under Rule 14.06(2) of the Listing Rules as the certain applicable percentage ratios of the Acquisition exceed 5% but are less than 25%. The Acquisition when aggregated with the Previous Acquisitions (details of which were set out in the Company's announcement dated 9 November 2015) still remains as a discloseable transaction under the Listing Rules. The Acquisition is therefore subject to the reporting and announcement requirements under the Listing Rules.

## **DEFINITIONS**

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

“Acquisition”	the purchase by the Company, through its wholly-owned subsidiary, of an ELN of A50 for a principal amount of HK\$24,000,000 on 8 June 2016
“Aggregate Acquisitions”	the aggregate transactions of the Acquisition and the Previous Acquisition
“Board”	the board of Directors
“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 J.P. Morgan Structured Products B.V. issued to Ace Winner Investment Limited, a wholly-owned subsidiary of the Company
“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

“A50”	iShares FTSE A50 China Index ETF and its units are listed on the main board of Stock Exchange (stock code: 2823). A50 is the second index fund of a trust known as iShares Asia Trust; and BlackRock Asset Management North Asia Limited is the fund manager
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	as defined in the Listing Rules
“Previous Acquisition”	The purchase of an ELN of A50 on 4 November 2015 for a principal amount of HK\$40,000,000 and on 18 January 2016 as the closing price was lower than the strike price, the Company was obliged to take delivery of a total 3,999,360 shares of A50, at a strike price of HK\$10.0016 per share of A50
“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, 21 June 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.*