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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)**

### **MAJOR TRANSACTION PROVISION OF A FACILITY**

The Board is pleased to announce that on 15 September 2017, the Lender entered into the Loan Agreement with the Borrower, pursuant to which the Lender has agreed to provide the Facility in the principal amount of HK\$130,000,000 to the Borrower, bearing interest rate of 15.5% per annum, as secured by the Guarantee, Share Charges and Account Charge executed in favour of the Lender, for a term of 6 months from the Drawdown Date.

As one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the provision of the Facility are more than 25% but less than 100%, the provision of the Facility constitutes a major transaction for the Company, which is subject to the reporting, announcement and Shareholders' approval pursuant to Chapter 14 of the Listing Rules.

The Company has obtained written approvals for the provision of the Facility in accordance with Rule 14.44 of the Listing Rules from a closely allied group of Shareholders. As such, no special general meeting will be convened for this purpose as is permitted under Rule 14.44 of the Listing Rules.

A circular containing, among other things, further information on the provision of the Facility is expected to be despatched to the Shareholders on or before 10 October 2017 in accordance with the Listing Rules.

#### **THE LOAN AGREEMENT**

Principal terms of the Loan Agreement are set out as below:

**Date**

15 September 2017

*\* for identification purposes only*

## **Parties to the Loan Agreement**

- (a) the Lender; and
- (b) the Borrower

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Borrower and its ultimate beneficial owners are Independent Third Parties and not connected with the Group.

## **Amount of the Facility**

The principal amount of the Facility is HK\$130,000,000. The Facility will be financed by the internal resources of the Group.

## **Purpose of the Facility**

The proceeds of the Facility shall be used for general working capital of the Borrower.

## **Interest Rate**

15.5% per annum

## **Security and Guarantee**

The Facility is secured by:

- (a) the Guarantee;
- (b) the Share Charges; and
- (c) the Account Charge.

## **Repayment**

The Borrower shall repay the outstanding principal amount of the Facility, together with all accrued interest and all other amounts accrued or outstanding under the Loan Agreement and any Security Documents in full on the Maturity Date. No early repayment is allowed.

## **INFORMATION ON THE GROUP AND THE LENDER**

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

The Lender is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company.

## **INFORMATION ON THE BORROWER, THE GUARANTOR AND THE CHARGORS**

The Borrower is a company incorporated in BVI with limited liability and is principally engaged in investment holding.

The Guarantor is an individual and a seasoned finance professional with more than 15 years' experience in the finance industry.

The Chargors include Chargor A and Chargor B collectively. Chargor A is a company incorporated in BVI with limited liability and is a shareholder owning 85% of the issued share capital of the Borrower. It is principally engaged in investment holding. Chargor B is an individual and a professional investor. He is a director and a shareholder owning 15% of the issued share capital of the Borrower.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, each of the Borrower, the Guarantor and the Chargors and their respective ultimate beneficial owner(s) are Independent Third Parties and not connected with the Group.

## **REASONS FOR AND BENEFITS OF THE PROVISION OF THE FACILITY**

The provision of the Facility will provide a reasonable and stable income and interest return to the Group. Taking into account the principal business activities of the Group, the provision of the Facility is in the ordinary and usual course of business of the Group.

The terms of the Loan Agreement were arrived at by the parties thereto after arm's length negotiations, with reference to prevailing commercial practice. The Directors consider that the terms of the Loan Agreement 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 stipulated under Rule 14.07 of the Listing Rules in respect of the provision of the Facility are more than 25% but less than 100%, the provision of the Facility constitutes a major transaction for the Company, which is subject to the reporting, announcement and Shareholders' approval pursuant to Chapter 14 of the Listing Rules.

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the provision of the Facility may be obtained by way of Shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the transactions; and (b) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the transactions.

The Company has obtained written approvals for the provision of the Facility in accordance with Rule 14.44 of the Listing Rules from a closely allied group of Shareholders comprising Sea Rejoice Limited ("**Sea Rejoice**") and Magical Profits Limited ("**Magical Profits**"), which are beneficially interested in 17,429,664 Shares and 29,179,480 Shares respectively, representing approximately an aggregate of 58.69% of the entire issued share capital of the Company as at the date of this announcement. Sea Rejoice is wholly-owned by Ms. Lui Yuk Chu, an executive director of the Company. Magical Profits is wholly-owned by The Winterbotham Trust Company Limited, trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members (including Ms. Koon Ho Yan Candy, daughter of Ms. Lui Yuk Chu and an executive Director) other than her spouse). Accordingly, Sea Rejoice and Magical Profits is a closely allied group of Shareholders. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of their respective associates have any material interest in the provision of the Facility and therefore none of them is required to abstain from voting if the Company were to convene a general meeting for the approval of the transactions. As such, no special general meeting will be convened for this purpose as is permitted under Rule 14.44 of the Listing Rules.

A circular containing, among other things, further information on the provision of the Facility is expected to be despatched to the Shareholders on or before 10 October 2017 in accordance with the Listing Rules.

## DEFINITIONS

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

“Account Charge”	the charge over account dated 15 September 2017 executed by the Borrower charging by way of first fixed charge in favour of the Lender (i) the Charged Account; and (ii) all monies and securities standing to the credit of the Charged Account and all interest from time to time payable thereon and all rights, title, interest, benefit and claims of the Borrower, present or future, thereto and therein
“Board”	the board of Directors
“Borrower”	Jimu Group Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Borrower Share(s)”	ordinary share(s) of US\$1.00 each in the share capital of the Borrower
“BVI”	the British Virgin Islands
“Charged Account”	the designated cash account opened in the name of the Borrower with Constance Capital Limited, an indirect wholly-owned subsidiary of the Company, a corporation licensed to carry out type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance
“Chargor A”	Jimu Times Limited, a company incorporated in the British Virgin Islands with limited liability, being a shareholder owning 85% of the issued share capital of the Borrower
“Chargor B”	Mr. Tung Sun Tat Clement, being a director and a shareholder owning 15% of the issued share capital of the Borrower
“Chargors”	Chargor A and Chargor B collectively
“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 the Stock Exchange
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“Drawdown Date”	the date on which the Facility is drawn down
“Facility”	the term loan facility in the principal amount of HK\$130,000,000 under the Loan Agreement
“Group”	the Company and its subsidiaries
“Guarantee”	the guarantee dated 15 September 2017 executed by the Guarantor in favour of the Lender guaranteeing the obligations of the Borrower under the Loan Agreement
“Guarantor”	Mr. Dong Jun, who is indirectly interested in approximately 12.49% of the equity interests in the Borrower through his indirect interest in Chargor A
“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) who or company(ies) together with its/their ultimate beneficial owner(s) which is/are third party(ies) independent of the Company and its connected person(s)
“Lender”	Main Profit Investment Limited, a company incorporated in Hong Kong with limited liability and is an indirectly wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 15 September 2017 in relation to the Facility entered into between the Borrower and the Lender
“Maturity Date”	the date falling six (6) months from the Drawdown Date
“PRC”	the People’s Republic of China
“Security Documents”	the Guarantee, the Share Charges and the Account Charge collectively
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Charges”	the Share Charge (Jimu) and Share Charge (Tung) collectively
“Share Charge (Jimu)”	the share charge dated 15 September 2017 executed by Chargor A in favour of the Lender by way of a fixed charge over 85 Borrower Shares, representing 85% of the issued share capital of the Borrower

“Share Charge (Tung)”	the share charge dated 15 September 2017 executed by Chargor B in favour of the Lender by way of a fixed charge over 15 Borrower Shares, representing 15% of the issued share capital of the Borrower
“Shareholder(s)”	holder(s) of the Shares
“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, 15 September 2017

*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.*