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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 CO-LENDING AGREEMENT AND LOAN AGREEMENT

BACKGROUND

On 18 June 2019, Planetic, an indirectly wholly-owned subsidiary of the Company, entered into the Co-lending Agreement with STI and China Yinsheng, pursuant to which Planetic, STI and China Yinsheng agreed to make available to the Borrower the Loan. The Co-lending Agreement, among others, set out the terms of the management and administration of the Loan. The total capital commitment of Planetic is HK\$45,000,000.

On 18 June 2019, the Co-lenders entered into the Loan Agreement with the Borrower, pursuant to which, the Co-lenders agreed to make available to the Borrower the Loan at an interest rate of 13.02% per annum. The Loan is secured by first mortgage over the Properties.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Co-lending Agreement and the Loan Agreement exceeded 5% but was not more than 25%, the Co-lending Agreement and the Loan Agreement constitute a disclosable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

On 18 June 2019, Planetic, an indirectly wholly-owned subsidiary of the Company, entered into the Co-lending Agreement with STI and China Yinsheng, pursuant to which Planetic, STI and China Yinsheng agreed to make available to the Borrower the Loan. The Co-lending Agreement, among others, sets out the priority between the Co-lenders and the terms of the management and administration of the Loan. The total capital commitment of Planetic is HK\$45,000,000.

Planetic, STI and China Yinsheng, as the Co-lenders, also agreed to jointly appoint China Yinsheng, as the Operator, to provide the services (as stipulated in the Co-lending Agreement) in consideration

of the Service Fees.

On 18 June 2019, the Co-lenders entered into the Loan Agreement with the Borrower, pursuant to which, the Co-lenders agreed to make available to the Borrower the Loan at an interest rate of 13.02% per annum. The Loan is secured by first mortgage over the Properties.

PRINCIPAL TERMS OF THE CO-LENDING AGREEMENT

The principal terms of the Co-lending Agreement are summarized as below:

Date	:	18 June 2019
Term and termination	:	The Co-lending Agreement will remain in full force and effect until the earlier of (i) the full and final repayment of the Loan by the Borrower under the Loan Agreement; and (ii) terminated by mutual agreement by all the parties in writing
Co-lenders	:	1. Planetec International Limited 2. STI Partners Limited 3. China Yinsheng Finance Limited
Capital commitment of each of the Co-lenders to the Loan	:	For Planetec: HK\$45,000,000 (Hong Kong Dollars Forty-Five Million) For STI: HK\$12,600,000 (Hong Kong Dollars Twelve Million and Six Hundred Thousand) For China Yinsheng: HK\$6,400,000 (Hong Kong Dollars Six Million and Four Hundred Thousand)
Interest Rate	:	For Planetec: 8.50% per annum For STI and China Yinsheng, the interest rate shall be in the proportion of 19.6875:10 per annum after deducting the interest receivable by Planetec at Planetec's interest rate and the Operator's Service Fees
Operator	:	China Yinsheng Finance Limited
Services to be provided by the Operator	:	The Operator shall provide services to the Co-lenders, including but not limited to the following: (i) doing background searches on the Borrower and land searches on the Properties and give preliminary assessment; (ii) ordering valuation / valuation reports for the Properties; (iii) arranging the execution of the Loan Agreement and all other loan agreements; (iv) arranging the drawdown of the Loan; (v) conducting debt recovery in accordance with the Co-lending Agreement; and (vi) provide other services to the Co-lenders in accordance with the instructions of the Joint Committee, from time to time.
Service Fees	:	the fees payable to the Operator for the services, being such amount as equivalent to 1.02% of the principal amount of the Loan.

- Joint Committee : Each of the Co-lenders is entitled to nominate a representative to fill one (1) seat of nominee in the Joint Committee. The Joint Committee shall comprise of three (3) seats of nominees with equal voting power. No act of the Joint Committee is valid unless with the unanimous consent of all the nominees.
- The Joint Committee is responsible for, among others, formulating, reviewing and revising the debt recovery policy and giving instructions to the Operator.
- Others : Planetic's rights under the Co-lending Agreement and the security for the Loan Agreement shall rank in first priority over STI and China Yinsheng.

PRINCIPAL TERMS OF THE LOAN AGREEMENT

The principal terms of the Loan Agreement are summarized as below:

- Date : 18 June 2019
- Co-lenders : 1. Planetic International Limited
2. STI Partners Limited
3. China Yinsheng Finance Limited
- Borrower : an individual, being an Independent Third Party
- Loan : HK\$64,000,000 (Hong Kong Dollars Sixty-Four Million)
- Borrower's interest rate : 13.02% per annum
- Drawdown date : 20 June 2019
- Repayment : The Loan will be repaid in full on 20 June 2020 while the interest will be repaid by twelve (12) consecutive monthly, the first of such instalments to be paid on the 20th day of July 2019 and the subsequent 20th day of each calendar month until full repayment thereof
- Mortgage : the charge over the Properties by the Borrower in favour of the Co-lenders as security for the due performance of all moneys payable by the Borrower to the Co-lenders
- Properties : Two residential properties situated in Homantin, Kowloon, with current market value of approximately HK\$92.0 million

REASONS FOR AND THE BENEFIT OF THE CO-LENDING AGREEMENT AND LOAN AGREEMENT

One of the Group principal businesses is loan financing. The terms of the Co-lending Agreement and the Loan Agreement, including the interest rates, were arrived at after arm's length negotiation between the parties having taken into account the prevailing market interest rates and practice.

The Co-lending Agreement and the Loan Agreement allow the Company to invest its cash resources not immediately required in its operations in potential loan businesses offering a return well in excess of returns available from bank deposits or similar investments. By collaborating with other Co-lenders, the Company can target a broader range of customers / borrowers which in turn expands and diversifies the Company's loan financing business.

Having considered the terms of the Co-lending Agreement and the Loan Agreement, the Directors are of the view that the Co-lending Agreement, the Loan Agreement and the transactions contemplated thereunder are in line with the Company's business strategy and consider that the terms of Co-lending Agreement and the Loan Agreement are on normal commercial terms and are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Co-lending Agreement and the Loan Agreement exceeded 5% but was not more than 25%, the Co-lending Agreement and the Loan Agreement constitute a disclosable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION

Information on the Group and Planetic

The Company is an investment holding company and the Group is principally engaged in property investment, property development, securities investment and loan financing business.

Planetic, an indirectly wholly-owned subsidiary of the Company, is a company limited by shares incorporated in Hong Kong and is a licensed money lender under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong).

Information on STI, China Yinsheng and the Borrower

STI is a company limited by shares incorporated in Hong Kong and is a licensed money lender under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong). The principal business of STI is money lending business.

China Yinsheng is a company limited by shares incorporated in Hong Kong and is a licensed money lender under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong). The principal business of China Yinsheng is money lending business.

The Borrower is an Independent Third Party.

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, STI, China Yinsheng and the Borrower and their ultimate beneficial owner(s) (where applicable) are Independent Third Parties.

DEFINITIONS

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

“Board”	: the board of Directors of the Company;
“Borrower”	: an individual, being an Independent Third Party;
“China Yinsheng” or “Operator”	: China Yinsheng Finance Limited is a company limited by shares incorporated in Hong Kong and is a licensed money lender under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong);
“Co-lenders”	: being Planetec, STI and China Yinsheng;
“Co-lending Agreement”	: the co-lending agreement entered into between Planetec, STI and China Yinsheng, as Co-lenders, and China Yinsheng, as the Operator, dated 18 June 2019 ;
“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 (Stock Code: 1218);
“Directors”	: the directors 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;
“Independent Third Party(ies)”	: person which is/are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules);
“Joint Committee”	: a committee comprising of three (3) seats of nominees with equal voting power, each of the Co-lenders is entitled to nominate a representative to fill one (1) seat of nominee in the Joint Committee;
“Listing Rules”	: the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	: HK\$64,000,000 (Hong Kong Dollars Sixty-Four Million);
“Loan Agreement”	: a loan agreement dated 18 June 2019 entered between the Co-lenders and the Borrower in relation to the Loan;
“Money Lenders Ordinance”	: Chapter 163 of the Laws of Hong Kong;
“Planetec”	: Planetec International Limited, an indirectly wholly-owned subsidiary of the Company, is a company limited by shares incorporated in Hong Kong and is a licensed money lender under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong);
“Properties”	: Two residential properties situated in Homantin, Kowloon, with current market value of approximately HK\$92.0 million;
“Service Fees”	: the fees payable to the Operator for the services, being such amount as equivalent to 1.02% of the principal amount of the Loan;

- “STI” : STI Partners Limited is a company limited by shares incorporated in Hong Kong and is a licensed money lender under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong);
- “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, 18 June 2019

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.