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Easyknit Enterprises Holdings Limited
永義實業集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock code : 0616)



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 GRANT OF A LOAN BY THE EE GROUP

Easyknit Enterprises wishes to announce that on 26 May 2015, the Lender entered into the Facility Letter with the Borrower, pursuant to which the Lender has conditionally agree to lend upto HK\$70,000,000 to the Borrower for a period of 12 month from the Drawdown Date. The Borrower shall pay interest to the Lender on the Loan at the rate of 8% per annum. The Loan is secured by the Share Charge and Personal Guarantee.

As the relevant Percentage Ratio for the grant of the Loan under Rule 14.06 of the Listing Rules exceeds 5% but is less than 25%, the grant of the Loan constitutes a discloseable transaction for both Easyknit Enterprises and Easyknit International under Rule 14.06(2) of the Listing Rules.

THE FACILITY LETTER

Date: 26 May 2015

Parties: (i) Cherry Sky Investments Limited, as Lender; and
(ii) Fast Upgrade Limited, as the Borrower.

The Borrower is an investment holding company incorporated under the laws of the BVI with limited liability and is solely owned by the Guarantor.

To the best knowledge of the EE Directors and EI Directors, and having made all reasonable enquiries, the Borrower and its ultimate beneficial owner are Independent Third Parties.

Purpose of the Loan

The Loan shall be used exclusively for (1) as to HK\$53,759,601 the repayment of certain indebtedness of the Borrower; and (2) as to the balance for lending to the Guarantor.

** for identification purposes only*

Principal terms

Amount of the Loan: Up toHK\$70,000,000.

Interest rate: Interest shall accrue on the Loan at the rate of 8% per annum.

Interest shall accrue from day to day, calculated on the basis of the actual number of days elapsed and a 365 day year, commencing from the Drawdown Date.

The interest rate was determined by making reference to the best lending interest rate of the Hong Kong and Shanghai Banking Corporation Limited.

Term: The Loan is repayable in one lump sum on the “Repayment Date” being the day that is twelve (12) calendar months from the Drawdown Date but the loan period can be extended if the Lender and the Borrower agree in writing, in which case the Repayment Date will be adjusted appropriately.

Repayment: The total outstanding principal together with any interest accrued thereon and any other sums payable to the Lender under the Loan must be fully repaid and discharged on or before the Repayment Date.

Security: (i) the Share Charge; and
(iii) the Personal Guarantee.

Details of the Share Charge and the Personal Guarantee

The Loan is and secured by (a) the Share Charge executed by the Chargor and (b) the Personal Guarantee executed by the Guarantor in favour of the Lender as a continuing security and continuing obligation for performance by the Borrower of its obligations in the Facility Letter amongst other things.

Conditions precedent: The making of the Loan under the Facility Letter is conditional upon the conditions precedent including the following being fulfilled on or before 5:00 pm on 28 May 2015.

- (i) the Share Charge duly executed by the Chargor together with all documents required pursuant thereto; and
- (ii) the Personal Guarantee duly executed by the Guarantor.

The terms of the Facility Letter were arrived at after arm’s length negotiations between Easyknit Enterprises and the Borrower.

REASONS FOR AND THE BENEFIT OF THE TRANSACTION

The reason for the Loan is to enable investment of cash resources of Easyknit Enterprises not immediately required in its operations in a secured loan offering a return well in excess of returns available from bank deposits or similar investments, and Easyknit Enterprises will benefit from the interest payable to it on the Loan.

Having considered (i) the terms of the Loan, including the interest rate; (ii) the Share Charge; and (iii) the Personal Guarantee, the EE Directors and EI Directors consider that the Loan is on normal commercial terms and the terms of the Facility Letter are fair and reasonable and are in the interests of the Easyknit Enterprises and Easyknit International and their respective shareholders as a whole.

INFORMATION ON EE GROUP, LENDER AND BORROWER

EE Group is principally engaged in property investment, property development, garment sourcing and export businesses, investments in securities and loan financing.

The Lender is a direct wholly-subsiary of Easyknit Enterprises.

The Borrower is an investment holding company which holds an approximately 59.49% interest in TeleEye.

INFORMATION ON TELEEYE

According to publicly available information, TeleEye is a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the GEM board of the Stock Exchange (Stock Code: 8051). TeleEye is principally engaged in the research and development, sales and marketing of audio and video monitoring systems.

The following information is extracted from the public documents of TeleEye:

	For the year ended	
	30 June	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	37,513	39,159
Loss before taxation	(6,635)	(5,365)
Net loss after taxation	(6,635)	(5,352)

LISTING RULES IMPLICATIONS

Easyknit International is an investment holding company which holds approximately 40.96% interests in Easyknit Enterprises. Easyknit International is principally engaged in property investments, property development, garment sourcing and export businesses, investment in securities and loan financing.

As the relevant Percentage Ratio for the grant of the Loan under Rule 14.06 of the Listing Rules exceeds 5% but is less than 25%, the grant of the Loan by the Easyknit Enterprises constitutes a discloseable transaction for both Easyknit Enterprises and Easyknit International.

DEFINITIONS

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

“Borrower”	Fast Upgrade Limited, a company incorporated in the BVI with limited liability, which is beneficially and solely owned by the Guarantor
“BVI”	the British Virgin Islands
“Drawdown Date”	the date on which the Loan is drawn down
“Easyknit Enterprises”	Easyknit Enterprises 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
“Easyknit International”	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
“EE Board”	the board of EE Directors
“EE Directors”	the directors of Easyknit Enterprises
“EE Group”	Easyknit Enterprises and its subsidiaries
“EI Board”	the board of EI Directors
“EI Directors”	the directors of Easyknit International
“Facility Letter”	the facility letter 26 May 2015 entered into between the Lender and the Borrower
“Guarantor”	Mr. CHEN Haining, the owner of the Borrower and an Independent Third Party, and the guarantor under the Personal Guarantee
“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, to the best knowledge and belief of the EE Directors and EI Directors having made all reasonable enquiries, is/are third parties independent of and not connected with Easyknit Enterprises and Easyknit International and their respective connected persons (as that term is defined in the Listing Rules)
“Lender”	Cherry Sky Investments Limited, a direct wholly-owned subsidiary of Easyknit Enterprises incorporated in the BVI
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Loan”	the loan in the amount of up to HK\$70,000,000 granted by the Lender to the Borrower subject to and upon the terms of the Facility Letter
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“Personal Guarantee”	a guarantee provided by the Guarantor in favour of Easyknit Enterprises to guarantee the due performance of the Borrower under the Facility Letter
“PRC”	the People's Republic of China
“Share Charge”	the share charge by the Chargor in favour of the Lender by way of an equitable charge over 8,381,202 ordinary shares of HK\$0.20 each in the issued share capital of TeleEye legally and beneficially owned by the Chargor, representing 59.49% of the issued share capital of TeleEye as security for due performance of the Borrower under the Facility Letter
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TeleEye”	TeleEye Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM board of the Stock Exchange (stock code: 8051)
“%”	per cent

By Order of the EE Board
**EASYKNIT ENTERPRISES
HOLDINGS LIMITED**
Kwong Jimmy Cheung Tim
Chairman and Chief Executive Officer

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

Hong Kong, 26 May 2015

As at the date hereof, the board of EE 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. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Foo Tak Ching as independent non-executive directors.

As at the date hereof, the board of EI 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.