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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 GRANT OF A LOAN

The Company announced that on 30 March 2016, the Lender entered into the Loan Agreement with the Borrower, pursuant to which, the Lender has agreed to lend HK\$50,000,000 to the Borrower for a period of 6 months. The Borrower shall pay interest to the Lender on the Loan at the rate of 16% per annum. The Loan is secured by a Land Mortgage and a Guarantee.

As the relevant Percentage Ratio(s) 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 the Company under Rule 14.06(2) of the Listing Rules.

THE LOAN AGREEMENT

Date: 30 March 2016

Parties: (1) Planetic International Limited, as lender; and
(2) Loyal Kingdom Limited, as borrower.

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

Purpose of the Loan

The Loan shall be exclusively used for the general investment of the Borrower.

** for identification purposes only*

Principal terms

Amount of the Loan:	HK\$50,000,000
Interest rate:	Interest shall accrue on the Loan at the rate of 16% per annum Interest shall be paid by monthly in arrears, commencing from the Drawdown Date The interest rate was determined by arm-length negotiations between the parties
Term:	The Loan is repayable in one lump sum on the Maturity Date, being the day that is six (6) calendar months from the Drawdown Date (or such later day as shall be agreed by the Lender and the Borrower)
Repayment:	The total outstanding principal together with any interest accrued thereon and all other amounts accrued or outstanding under the Loan Agreement and any Security Documents computed up to the date of payment are payable on the Maturity Date
Security:	the Mortgage and the Guarantee

The terms of the Loan Agreement were arrived at after arm's length negotiations between the Borrower and the Lender.

THE LAND MORTGAGE AND GUARANTEE

The Loan is secured by:

1. the first mortgage of a bare Land with a site area of approximately 929 sq.m. Pursuant to the preliminary valuation of the Land performed by an independent professional in mid-March 2016, the valuation of the Land is approximately HK\$123 million; and
2. the Guarantee executed by the Guarantor in favour of the Lender,

as continuing securities and continuing obligation for performance by the Borrower of its obligations in the Loan Agreement amongst other things.

Pursuant to the Land Mortgage, at any time after the occurrence of an event of default by the Borrower under the Loan Agreement, which is continuing, including but not limited to, (a) the Borrower fails to pay any sum payable under the Loan Agreement in accordance with the terms thereof; or (b) any representation or warranty made by the Borrower in or in connection with the Loan Agreement or any Security Document proves to have been incorrect or misleading in any respect, the Lender may, among other things, sell or dispose of all or any part of this security.

Pursuant to the Guarantee, the Guarantor guarantees and undertakes as principal obligor on first demand by the Lender to pay to the Lender all sums, including but not limited the principal and interests, which are become payable by the Borrower under the Loan Agreement.

REASONS FOR AND THE BENEFIT OF THE TRANSACTION

The reason for the Loan is to enable investment of cash resources of the Company 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 the Company 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 Land Mortgage; and (iii) the Guarantee, the Directors consider that the Loan is on normal commercial terms and the terms of the Loan Agreement are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE GROUP, LENDER AND BORROWER

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

The Lender has a Money Lenders Licence and is principally engaged in loan financing business.

The Borrower is an investment holding company incorporated under the laws of Hong Kong with limited liability and is wholly-owned by Mr. Dai.

LISTING RULES IMPLICATIONS

As the relevant Percentage Ratio(s) 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 the Company under Rule 14.06(2) of the Listing Rules.

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”	Loyal Kingdom Limited, a company incorporated in Hong Kong with limited liability, which is beneficially and solely owned by Mr. Dai
“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

“Directors”	the directors of the Company
“Drawdown Date”	the date on which the Loan is drawn down
“Guarantee”	the deed of guarantee executed by Mr. Dai in favour of the Lender guaranteeing the obligations of the Borrower under the Loan Agreement
“Guarantor”	Mr. Dai is an Independent Third Party and the guarantor under the 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 Directors having made all reasonable enquiries, is/are third parties independent of and not connected with the Company and its connected persons (as that term is defined in the Listing Rules)
“Land”	a piece of bare land registered in the Land Registry as Tai Po Inland Lot No. 12
“Land Mortgage”	a mortgage of the Land executed by the Borrower in favour of the Lender
“Lender”	Planetic International Limited, a wholly-owned subsidiary of the Company incorporated in the Hong Kong with limited liability; and having a Money Lenders Licence under Money Lenders Ordinance (Chapter 163)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the amount of HK\$50,000,000 granted by the Lender to the Borrower subject to and upon the terms of the Loan Agreement
“Loan Agreement”	the loan agreement entered into between the Borrower and the Lender dated 30 March 2016
“Maturity Date”	the day that is six (6) calendar months from the Drawdown Date (or such later day as shall be agreed by the Lender and the Borrower)
“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

“Security Documents”	the Land Mortgage and the Guarantee
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company
“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, 31 March 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.